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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

Shortly before this issue went to press, the United Nations General Assembly–UNCTAD's parent body–concluded its special session on international economic co-operation by adopting a Declaration embodying the current consensus of Member States on a wide range of national and international development issues. The Declaration is the first comprehensive pronouncement on these issues by the Assembly for several years. It places the Assembly back at the apex of the development dialogue; it will shape the new International Development Strategy and should boost the development activities of the United Nations. The Declaration signals the intent of Member States "to work for fruitful results" at UNCLDC II and UNCTAD VIII, among other meetings, and "to keep the implementation of the Declaration under political review".

Beyond its institutional impact, the Declaration is significant as the latest attempt by Member States to define a consensual framework for meaningful negotiations on specific development issues. The Final Act of UNCTAD VII, the Declaration of the Trade and Development Board on the twenty-fifth anniversary of UNCTAD and the preparation of a programme of action for adoption by UNCLDC II can be seen as efforts in the same direction. In this progression, a growing emphasis can be discerned on the primary role of national action in solving development problems, on the policy ingredients of national success and on the relevance of non-economic factors–ranging from ecological issues, which in fact do have an economic dimension, to respect for human rights as part of the socio-political framework conducive to economic progress.

This new approach highlights the complex reality of the development problématique. In their search for a better life, people may not even be aware of the international economic environment. It has, nevertheless, a weighty impact on their efforts and multilateral co-operation to improve it remains a proper objective of intergovernmental action.

Now that Member States, through the Assembly, have agreed on the general lines of an agenda for action, it is time to move to the specifics. In UNCTAD, the Declaration should spur governments to negotiate a balanced mix of complementary agreements, containing guidelines for national action in all countries as well as arrangements for supportive multilateral action, designed to promote the revitalization of growth and development particularly in the developing countries.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 168 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor

STAGE SET FOR POSITIVE OUTCOME AT LDCs CONFERENCE

ACTIVITIES

On 6 April the Intergovernmental Group (IGG) on the Least Developed Countries concluded preparatory work on a comprehensive draft programme of action for the 1990s which will be submitted to the Second United Nations Conference on the Least Developed Countries to be held in Paris in September. While, as expected, a number of important issues are left for ministerial decision at the Conference, Mr. John Sankey, United Kingdom, Chairman of the 105-nation IGG, was encouraged by the fact that "important principles have gone through without reservations". It is expected that the issues outstanding will also be the subject of political consultations before the Conference.

Broad Agreement on Basic Principles

There was broad agreement on several basic principles of the draft action programme, such as that "the development partnership is based on an open dialogue which creates a mutually reinforcing process of national initiative from the LDCs and international support provided by the international community". Agreement was also reached on the primary responsibility of the LDCs for their own development, on the role of structural adjustment and on the need for a broad-based participation in the development process. For their part, development partners are expected to provide adequate support to LDCs' policies and programmes. The notion of the joint responsibility of LDCs and of their development partners to contribute to the agreed common objective of spurring and sustaining growth in the LDCs did not, however, command consensus in this preparatory phase.

With regard to the global macro-economic framework, the draft refers to the need to temper the social effects of structural adjustment programmes and to encourage the indigenous enterprise sector to play an important part in modernizing LDC economies. External financial support "should be both sufficient in terms of volume and efficient in terms of allocation", but attempts to agree on ODA targets will have to be pursued in Paris. This matter, as well as the issue of debt cancellation or relief, and topics such as food aid, the environment, human rights and the democratization of institutions were left unresolved.

On the other hand, there was agreement on the need for: a substantial increase in multilateral assistance; stimulating direct or portfolio investment; improving market access for products from the LDCs; and for greater benefits for LDCs under the Generalized System of Preferences.

No specific measures in terms of reduction of trade barriers, however, were agreed. On commodities, the need was acknowledged for long-term diversification of LDC exports and, in the short term, for compensatory finance, though not for increasing either the automaticity of compensation under existing schemes or the availability of resources.

The IGG also stressed the need for effective follow-up mechanisms for the programme of action, especially at the national level through the strengthening of round tables and consultative groups. In this context, the role of NGOs was also acknowledged. Aid co-ordination was identified as the key element for maximizing the efficiency of external support. At the regional level monitoring should be centred in the United Nations regional commissions, while at the global level, UNCTAD's mandate as the focal point for the review and appraisal of the programme of action was reaffirmed.

Mobilizing LDC Capacities

Broad agreement also characterizes the sections on domestic macro-economic and sectoral policies. Among the latter, the dominant role of agriculture in the LDCs is reflected in the numerous measures singled out, ranging from rural land development, expanding food production and reform of land-tenure systems to the diversification of the agricultural base, the promotion of fisheries, horticulture and forestry and the provision of incentives to small holders and of gainful employment to landless workers who represent the majority of agricultural producers.

Separate chapters are devoted to the roles of women, of NGOs and of private enterprise in the development process as well as to population. With regard to women, the defence of their rights and ensuring their full participation in the decision-making process are stressed. As for the private enterprise sector, specific policies and elements of a legal and institutional framework designed to stimulate entrepreneurship are spelled out. On population, the high rate of population growth is seen as a fundamental problem and governments are urged "to launch vigorous, innovative and comprehensive information and education programmes on voluntary family planning, taking into account the specific concerns of women and children and to provide voluntary family planning services".

READEX

Finally, agreement was reached on objectives and desirable measures in the fields of education and training, infrastructure and the strengthening of the scientific and technological base.

COMPUTERS IMPROVE CUSTOMS EFFICIENCY, RAISE REVENUES

This second article in the current series on UNCTAD's technical co-operation activities discusses the Automated System for Customs Data (ASYCUDA). The origins of ASYCUDA date back to 1981 when the member countries of the Economic Community of West African States (ECOWAS) approached UNCTAD and the French Government for assistance in developing a computerized customs data entry system to record trade flows. In the belief that the experience acquired in African countries could be used for the benefit of other developing countries, UNCTAD decided in 1985 to make ASYCUDA available world wide. Today, the system covers a much wider range of customs functions, including manifest control, goods declaration, accounting, warehouse control, and examination and licencing.

Why An Automated Customs Service?

In many developing countries, duties and taxes on foreign trade constitute the single largest source of government revenue. Existing manual systems to process customs declarations, however, tend to be inefficient, costly and often subject to fraud. Documentation and forms are complicated and at times redundant. Delays of several weeks and even months result in high overheads for both Customs administrations and traders, which are inevitably reflected in the cost of imports and the price of exports. The subsequent loss in government revenue in turn increases pressure to maintain high duty rates and encourages tax evasion. Government efforts to develop trade through liberalization programmes, for instance, are seriously hampered by an inability to reduce administrative costs and tariffs without loss of revenue.

This combination of high tariffs and slow movement of goods also has a harmful effect on exports and foreign investments, the main source of hard currency in many developing countries. By repeatedly failing to meet delivery deadlines with international buyers, local businesses cannot build up or maintain their clientele and lose out to faster, more reliable suppliers. Likewise, foreign investment and joint ventures are not attracted to countries where industrial supplies are delayed by customs formalities and lack of efficiency. Furthermore, in many developing countries there is also a serious lack of accurate, up-to-date trade data which hampers the formulation of realistic economic policies. Not only are the manually-produced statistics subject to a high incidence of misrecorded or non-recorded data, due mainly to human error, but they are also available after long delays.

How ASYCUDA Works

ASYCUDA has been specifically designed to address these problems, particularly the need for a better management of government finances through the institutional strengthening of Customs and to provide a reliable source of information on international trade, while taking into account international standards and codes. For this purpose, the system uses microcomputers to track the flow of goods from the moment of arrival at a port of entry/exit to the clearance by customs. The ASYCUDA software handles customs declarations, accounting procedures, cargo movement, warehousing and import and export licences. It also produces statistical data automatically, which enables countries to monitor their foreign trade and minimize the fraudulent misappropriation of goods. It can also play a role in the context of drug traffic control.

The system checks all data entered, calculates the duties and taxes to be paid and produces statistics based on the verified customs data. It caters for the clearance of goods against the payment of duty in cash or by the debit of a trader's credit account with the Customs department. In this case, the system automatically monitors the level of credit available to the trader and prints statements of the amounts due for a selected period. It also prints the payment notice and clearance form for each declaration and produces a daily record of customs entries. A printed image of the customs declaration may also be generated. At all times, operators have at their disposal all information related to customs regulations and tariffs through use of the keyboard. Data collected at outlying Customs points are stored on diskettes which are then sent to the Customs headquarters.

The system also obviates the need to consult a printed tariff, since it makes available a data base of fiscal and trade statistics that are capable of providing all information related to the movement of goods from or to a particular country and for a particular customs regime. It can produce global data by country, product and trader for any selected period.

System Development and Funding

The current versions of ASYCUDA are based on a decentralized approach and are designed for IBM-compatible microcomputers for use within local area networks. The advantage of such a system is that it can operate in the diverse environments typical of developing countries. A new version to be launched in 1991 will permit the electronic transfer of data through telecommunications networks; it will also ensure compatibility with all computers, from micros to mainframes. The on-going technical development of the system, based in Geneva, is supervised by a Working Group composed, among others, of representatives of UNCTAD and other United Nations agencies, the World Bank, the Customs Co-ordination Council (CCC) and French, United Kingdom and United States Customs.

ASYCUDA is installed at the request of developing country governments within the framework of an UNCTAD-executed project. The implementation costs, including technical assistance, training and hardware are covered by project funds. In addition to UNDP, which provides most of the financing, contributions have been received from donor countries such as Denmark, France, the Federal Republic of Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States. The EEC, the World Bank and the Caribbean Development Bank have also provided funds. Moreover, the United Kingdom and French Customs have set up training courses especially designed for UNCTAD which ensure that the Customs officers of participating countries are able to operate the system. Once the project has been installed, UNCTAD continues to assist in software maintenance and provides system updates.

Participants at the 1988 ASEAN seminar on ASYCUDA

ASYCUDA's Record

ASYCUDA has developed into a world-wide programme: it is being installed in 27 countries and over 50 others have shown interest. Among the direct benefits it has brought to users are: a rapid processing of customs declarations and, consequently, a faster clearance of goods; the introduction of more effective controls and stricter accounting; increases in customs revenue; greater precision in external trade statistics; and improved clearance conditions for trading companies.

These manifold benefits explain the enthusiastic response of developing countries: in Mauritania, between 1984 and 1988, the US$ 1 million the Government invested in the system led to a US$ 4 million annual increase in revenue. In Ghana, where the system is as yet only operational at a pilot site, the transit time of goods through Customs has been halved. In all user countries, ASYCUDA generates reliable foreign trade data within a few days of the end of the reporting month.

CHANGE IN EASTERN EUROPE STEALS BOARD LIMELIGHT

The 1990 spring session of the Trade and Development Board witnessed the last UNCTAD debate on the subject of "trade relations among countries having different economic and social systems". Since its beginnings, UNCTAD has promoted trade with socialist countries of Eastern Europe, especially by developing countries, under a distinct programme justified by the "difference" of the central planning system governing the external economic relations of those countries. Radical political change in Eastern European countries and their transition to various forms of market orientation have objectively undermined this justification. At the Board session, representatives of several of these countries disclaimed the "socialist" label and insisted that their "difference" was already a thing of the past. They all considered the traditional agenda formulation irrelevant.

These sentiments echoed the view expressed by Mr. G. Krasnov, Director and Associate Co-ordinator of the UNCTAD International Trade Programmes in his introductory statement. He characterized the current atmosphere and environment as "profoundly different from those prevailing even at the previous session of the Board" last October and noted that, at a time when an increasing variety of market elements was being introduced in these countries' econ-

omies, "the differences and peculiarities of inter-systems trade are becoming less meaningful ... than how to transform and integrate the content of this item into the overall theme of international trade".

The interests of the countries of Eastern Europe now seem indeed to lie in integrating the pursuit of their external economic objectives into the mainstream of international dialogue and negotiation, making use of all available institutions. In UNCTAD, they are starting to claim attention for their own problems and needs across the range of subjects dealt with. This may diffuse the organization's traditional focus on developing countries, while also making it more difficult for the latter countries to pursue their own demands for trade concessions and economic co-operation from Eastern European countries, conventionally classified as "developed". The developing countries are thus faced with another manifestation of their concern that the "new frontier" of Eastern Europe will divert attention and resources away from the traditional terrain of development co-operation. This concern needs to be seriously addressed, since the new trade opportunities for developing countries arising from policy reforms in Eastern Europe will be long in materializing.

This new and uncertain situation dominated the atmosphere of the Trade and Development Board. The Board was unable to agree on a future programme of work for UNCTAD with respect to trade and economic relations with Eastern Europe and the re-orientation of the secretariat's activities is, for the time being, left to the discretion of the Secretary-General of UNCTAD.

Board Adopts Resolution on Remaining Items

On the other hand, the Board was able to adopt a resolution dealing with several trade issues. The resolution calls on participants in the Uruguay Round "to strive for a balanced and successful outcome which would result in the liberalization and expansion of world trade to the benefit of all countries, especially developing countries". It also urges governments "to take measures to assist technologically weak countries, especially developing countries, to fully participate in technology-led growth in international trade in terms of product innovation, export supply and market penetration capabilities". As phrased, the resolution also applies to countries of Eastern Europe who consider themselves "technologically weak". It then "affirms the need for pursuing policies in the areas of technology which further the goal of trade expansion for the benefit of all trading partners, particularly developing countries, and which promote investment, innovation, absorption, utilization and development of technological entrepreneurial capabilities". Apart from its development-orientation, the significance of this text lies in the fact that it is addressed to governments and, what is more, in the context of systemic issues of international trade.

Governmental action is also suggested in connection with bilateral arrangements and regional economic integration. On this issue the Board, responding to fears that such arrangements could lead to trade diversion rather than trade creation, agreed on the need to ensure that they should rather impart dynamism to global trade and enhance the trade and development of developing countries.

In what is regarded as a step forward, the Board recognized UNCTAD's contribution to a better understanding of the problematics of trade in services from the point of view of developing countries and requested the secretariat to undertake further specific studies on sectors of priority interest to these countries.

Concerning protectionism, the resolution urges governments to fulfil commitments to halt and reverse protectionism as agreed in the Final Act of UNCTAD VII and reiterates the need to widen markets for products in which the developing countries have or may develop comparative advantage. In the preceding debate the latter countries had voiced persistent concern as to whether the Uruguay Round would fulfil its original promise in view of what they perceived as imbalances in the current phase of the negotiations. Developed countries, pointing to the surge in world trade in recent years, were more optimistic. It was agreed, however, that a major effort would be required in the coming months to ensure a result that would be beneficial to all participants.

SPECIAL BOARD SESSION ON COMPENSATORY FINANCING

Meeting in special session on 9 March, the Trade and Development Board adopted by consensus a decision that has the effect of keeping the issue of compensatory financing of commodity-related shortfalls in export earnings of developing countries on UNCTAD's agenda. For several years, some developed countries had contended that this issue and the question of the possible creation of a new compensatory facility over and above the IMF Compensatory Financing Facility (IMF-CCFF), the EEC's STABEX schemes and a new scheme introduced by Switzerland–a question which has been considered since 1986 by an UNCTAD Intergovernmental Group of

Experts–were basically a balance of payments problem and should be discussed in the IMF. For this and other reasons Australia, Canada, New Zealand, the United Kingdom and the United States decided not to participate in the meetings of this Group. All these countries, however, were present at the recent special session of the Board and participated in the substantive discussions, as did the representatives of the IMF and of the EC Commission. The debate focused mainly on the rationale for, and the performance of, existing schemes, including the IMF-CCFF and on future action within UNCTAD on the compensatory financing topic.

The Board decision is the first one to be unanimously adopted since 1976. Its importance resides in the fact that it incorporates the main agreed recommendations of the Group of Experts and makes reference to the operation of existing facilities. An expected effect of the decision is that the problem of commodity export earnings shortfalls of developing countries arising from market instability, as well as the question of compensatory financing of export earnings shortfalls, will be kept under review in UNCTAD as part of the ongoing work of the Committee on Commodities. In this regard it is anticipated that future discussions will differentiate more clearly between the traditional concept of compensatory finance as a means of bridging shortfalls in earnings, and other ways of coping with commodity market instability.

The Board also provided indications concerning the secretariat's future work and requested the Secretary-General of UNCTAD to follow developments in various compensatory financing schemes and their implications for developing countries. The first review of the question by the Committee on Commodities is to take place next November.

REPORTS

IMPROVING THE GENERALIZED SYSTEM OF PREFERENCES

The Generalized System of Preferences (GSP) carries the potential to be an effective instrument for trade promotion if used along with other policy measures aimed at increasing exports. While GSP schemes as they now exist fall short of what would be necessary to be a principal catalyst in such a process, their significance is likely to grow as more and more developing countries pursue outward-looking policies focusing on non-traditional exports. Indeed, given certain improvements, its original principles and objectives could be attained in the 1990s.

Shortcomings of the GSP

While the GSP has brought considerable trade benefits to developing countries, its evolution has not been favourable in all respects. There has been a growing tendency in some major preference-giving countries to unilaterally exclude countries from benefits, often on the basis of non-economic criteria, or criteria which violate the fundamental principles of non-discrimination and non-reciprocity. Moreover, the application of unilateral and often shifting criteria has rendered the system unstable and reduced its value to preference-receiving countries.

The GSP in Brief

- The GSP is non-reciprocal and non-discriminatory in character and its objective is to increase export earnings, promote industrialization and accelerate the economic growth of developing countries. The first GSP scheme dates to July 1971 and the entire system, comprising 16 schemes from 27 developed countries, was completed in 1976.
- Under the GSP, most-favoured nation (MFN) tariffs are eliminated or reduced for beneficiaries on products covered by the scheme. Assuming products from developing countries are substitutable for similar products from developed countries, importers in the preference-giving countries divert orders to beneficiaries in order to increase profits. While the profit-maximizing importer gains a price advantage, the exporter experiences an increase in orders and is able to take advantage of the importer's knowledge of market conditions and of distribution and marketing channels.
- GSP utilization has grown from about $12 billion in 1976 to an estimated $55 billion in 1988. This more than four-fold expansion occurred even though preferential imports represent only between one fifth and one quarter of dutiable imports–an indication of the scope for improving the GSP product coverage and utilization.

Limitation of access to preferential treatment has also become entrenched in a number of schemes. Unilateral limits on access to GSP benefits and the lack of transparency in the implementation of safeguards and other limitations have resulted in considerable uncertainty for developing country exporters. The safeguard mechanism gives preference-giving countries the right to exclude or limit GSP imports which are found to cause, or to threaten to cause, injury to domestic industries. In practice, however, they have resorted mostly to country and product-specific limitations on access to GSP benefits, which tend to become entrenched, rather than to safeguard actions, which, by their very nature, are supposed to be temporary expedients to allow domestic producers to adjust to surges in imports resulting from the GSP. Non-tariff measures (NTMs) outside the GSP have also limited effective access to preferential treatment. And the rules of origin continue to be complex and different from scheme to scheme, discouraging the utilization of the system, particularly by least developed and other low-income countries.

On the other hand, there have been some positive developments. In most schemes, product coverage has been expanded, though the GSP continues to be heavily concentrated on industrial products and has rather limited coverage for agricultural and other traditional products. Provisions for the least developed countries have also tended to improve but, for various reasons, these countries have not been able to take full advantage of GSP benefits.

GSP Potential Awaits Realization

The impact of the GSP as a trade promotion instrument is not easy to assess, but recent studies commissioned by UNCTAD conclude that, excluding dynamic effects via the stimulation of export-oriented investment, the GSP could have been responsible for increases ranging from 1 to 7.5 per cent of average annual developing country exports of manufactures to developed market economies. These average estimates are small but significant; indeed, for some individual countries, the impact has been considerably larger. The GSP has also had dynamic effects, in the form of encouragement to investment in export-oriented production, equivalent to as much as 2 per cent of GDP in one case.

In spite of its limited, though positive impact the GSP has clearly played a role in moving some countries closer to the objectives of the system. For the vast majority of developing countries which have made little headway with industrialization, therefore, the GSP has the potential to stimulate the diversification of their exports and production structures. It is clear, therefore, that the GSP needs to be extended during the 1990s. At the same time, preference-giving countries should consider possible improvements in their autonomous schemes to bring them more into line with the basic principles that govern the GSP, namely generalization, non-discrimination, and non-reciprocity. Relative stability and certainty regarding the operation of the various GSP schemes are essential if the GSP is to attract investment in export sectors in developing countries. Some possible improvements are discussed below.

Non-tariff Measures and Effective Access

The question of NTMs cannot be resolved separately from the discussions on this issue in the Uruguay Round. However, preference-giving countries could consider ways of dealing with NTMs which impede access to markets for products which nominally enjoy GSP status. One approach would be to exempt the latter products from NTMs affecting the exports of beneficiaries.

Product Coverage, Exclusions and Safeguards

Expansion of the product coverage of GSP schemes is perhaps the most important means for improving the system. At present, there is a relationship between product coverage and country-product exclusions. Preference-giving countries use varied criteria for differentiating product coverage among beneficiaries. Some result in denying product coverage to certain beneficiaries deemed competitive: but they are often arbitrary and sometimes not related to trade performance. Some schemes employ differential product coverage lists for different sets of beneficiaries (sometimes also invoking differential depths of tariff cuts), thereby limiting the product coverage for beneficiaries deemed competitive in certain product lines. The criteria of "competitiveness" are often not made public. In addition, as part of the "graduation" policies of some preference-giving countries, some developing countries have experienced permanent or temporary exclusions from all GSP benefits, sometimes in violation of the principle of non-reciprocity or on the basis of criteria alien to the GSP.

A clear distinction needs to be made between country-product exclusions and safeguard provisions. While the latter are related to protecting the domestic industries of preference-giving countries from import surges directly attributable to the GSP, the former relate to subjective determinations as to which beneficiaries do not need

preferences in specific products covered by the GSP. The main objectives of the exclusions are to withdraw preferences from developing countries which have become competitive and thus to distribute the gains of preferences among other, less competitive beneficiaries. A number of studies have shown that in actual practice these objectives are not being achieved. While the beneficiaries that are excluded generally lose their exports, very few, if any, gains accrue to poorer countries.

In any case, subjective and non-transparent country-product exclusions result in uncertainty and instability, making it difficult for firms in the beneficiary countries to plan ahead for investment, production and export. It is, therefore, necessary that the issue of such exclusions be addressed frontally. The ideal solution would be to eliminate exclusions and to depend entirely on safeguard mechanisms. However, if country-product exclusions are to continue, they should be based on objective, transparent and multilaterally agreed norms which would really reflect the sustained competitiveness that excluded beneficiaries have achieved in a particular product.

Action to expand product coverage could be facilitated if the safeguard clauses in GSP schemes were improved. In addition, resort to safeguards would enhance the transparency and value of the system for beneficiaries. It is universally accepted that importing countries require means to safeguard domestic industry when any product is imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to domestic producers. But general safeguards under the GSP differ significantly from scheme to scheme. The criteria for determining injury are not uniform and, with few exceptions, are also neither transparent nor are there mechanisms for prior consultations. The effectiveness and stability of the GSP could be greatly enhanced if the statutory provisions relating to safeguards were strictly adhered to by preference-giving countries, and particularly if multilaterally agreed criteria for injury determination could be adopted.

Tariff Cuts, Rules of Origin and Provisions for the LDCs

The preferential tariff margin is the essence of the GSP. With the impending erosion of GSP margins resulting from tariff liberalization in the Uruguay Round, preference-giving countries may wish to consider granting across-the-board duty-free treatment to products originating from developing countries or enlarging the margin of preference to compensate for the recent and prospective reductions in MFN rates.

Assembling parquet panels in Thailand for export under GSP at duty free or reduced MFN duties (Photo ILO)

If GSP utilization is to improve, another requirement is that the diverse and complicated GSP rules of origin be harmonized and simplified. As for the treatment of the LDCs, the adoption of improvements in the schemes based on the highest common denominator should be considered. While LDCs receive better access conditions under most schemes, there are still considerable differences in such treatment. Given the special needs and problems of these countries and their limited export supply capabilities, consideration might be given to awarding them better and uniform treatment under the rules of origin and across-the-board duty free treatment for all dutiable products in the Harmonized System without any quantitative or other limitations.

GSP and Trade Promotion

In spite of its limited success in encouraging investment in export oriented industries on its own account, the GSP should nevertheless be exploited to the maximum extent. This is particularly the case for emerging suppliers of non-traditional products with limited export supply capacity. Trade promotion organizations (TPOs) should compare current export capabilities of such countries with the product coverage of individual GSP schemes. Through this process, new products and markets can be identified which have attractive preferential margins and minimal rules of origin difficulties. Such targeted products and markets should be included in export promotion strategies and the attractiveness of the GSP incentive should be highlighted in trade fairs and exhibitions. Actual and potential exporters of GSP products should be identified and informed of these possibilities. TPOs should

also seek out dutiable exports which are currently not included in GSP schemes and encourage preference-giving countries to consider their inclusion. Likewise, cases where rules of origin problems are leading to the denial of preferential treatment should be drawn to the attention of preference-giving countries.

The current reorientation of economies in Eastern Europe to a market approach and the decentralization of foreign trade also offer new opportunities to developing countries since individual enterprises in countries of Eastern Europe are now in a position to source imported inputs based on profit considerations. Export promotion activities in the 1990s should, therefore, re-examine the tariff preferences offered by Bulgaria, Czechoslovakia, Hungary, Poland and the USSR as a new means of penetrating these markets, rather than relying exclusively on past bilateral co-operation agreements, counter-trade and buyback arrangements, etc., of a preferential nature.

The issues discussed in this article were among those examined during the second, ten-year Comprehensive Review of the GSP undertaken by the UNCTAD Special Committee on Preferences from 14-22 May.

PARIS CLUB ACTIVITY GROWS, PRACTICES EVOLVE FURTHER*

During recent years the pervasiveness of debt problems among developing countries has caused the rescheduling of both commercial bank and official debt to become an established feature of the financial system. In the Paris Club, where official bilateral debt is rescheduled, the pace of activity accelerated in 1989, with 22 meetings taking place against an average of 16 during 1983-1988. This increase is also a symptom of the short-term approach of the Paris Club whereby the consolidation period, that is the period in which debt-service payments to be rescheduled fall due, is typically only 12 to 18 months. Thus, in 1989 and the first quarter of 1990, of the 25 rescheduling countries, 19 had rescheduled at least once before. Of these, nine had already done so three times or more and three others at least six times. Moreover, debt service due on previously rescheduled debt has become an increasingly important portion of the consolidated amount, reflecting the inadequacy of the terms of the original agreement.

A number of improvements have, however, been recently introduced in Paris Club practices. The most significant development was the Toronto agreement on concessional debt relief for poorer debtors. Others include longer maturities and the reintroduction of multi-year rescheduling agreements (MYRAs). These and other recent changes are discussed below.

The Toronto Agreement in Practice

The Toronto summit in June 1988 marked a major advance in the treatment of non-concessional debt owed by poorer countries. In accepting the principle that in specified cases the servicing of such debt might not be met in full, official creditors agreed to the need for debt and debt-service reduction. This led to the adoption of a menu of options to be chosen by Paris Club creditor countries for selected low-income countries: (A) partial forgiveness of debt-service, under which one-third of the consolidated debt service is cancelled and the remaining two-thirds rescheduled at market interest rates, with a maturity of 14 years, including eight years of grace; (B) longer repayment periods, under which consolidated debt service is rescheduled at market interest rates, with a maturity of 25 years, including 14 years of grace; and (C) concessional interest rates, under which the consolidated debt service is rescheduled at market interest rates reduced by 3.5 percentage points or 50 per cent, whichever is less, and with a maturity of 14 years, including eight years of grace. For official development assistance debt, the maturity would be as in option B, and the interest rate as low as the original rate, regardless of the option chosen. So far, options A and C have each been applied to about 35 per cent of consolidated non-concessional debt and option B to 30 per cent.

While no formal eligibility criteria were established, creditors initially offered the Toronto terms to sub-Saharan African countries included in the World Bank's Special Programme of Assistance (SPA), many of them least developed countries. So far, 15 of these African countries have benefitted from this initiative. Earlier this year, however, Bolivia became the first country outside sub-Saharan Africa to obtain the Toronto terms.

Implementation of the options has, however, revealed a number of shortcomings. The scale of relief they give rise to is extremely limited. As compared with previous practices, options A and C—but not option B—will generate cash-flow benefits over the next few years in the form of savings on interest payments for the 15 countries referred to earlier roughly equivalent to 30 per

* *This article is largely based on the secretariat report "Debt and managing adjustment: Attracting non-debt-creating financial flows and new lending" (TD/B/C.3/234) prepared for the Committee on Invisibles and Financing Related to Trade which met from 30 April-8 May.*

cent of interest payments under previous Paris Club terms. However, these savings are less than 2 per cent of the debt-service payments of these countries; and several of the poorer ones among them would still have to make payments three times higher than those they have been able to make in recent years. The small impact of the Toronto scheme reflects its low concessionality: for the 15 beneficiaries, the overall grant element was, on average, 21 per cent, less than half of the average on current official loan commitments to low-income African countries.

Another reason for the limited scope of the measures is that only debts meeting certain criteria are reschedulable. Moreover, until very recently when Mali and later Bolivia obtained a MYRA, only debt-service payments falling due during a relatively short period qualified, so that recourse was still necessary to time-consuming and costly repeated reschedulings. Finally, the additionality resulting from the Toronto measures has been reduced by some creditors who finance the cost of debt relief by the transfer of funds from their aid budgets.

On the other hand, debt-relief measures have recently been taken by creditors outside the Paris Club. The Governments of Belgium, France, the Federal Republic of Germany, the United States and the USSR, for example, announced measures to cancel concessional debt of a number of low-income countries which, when implemented, would effectively eliminate the bulk of ODA debt owed by them. Further relief on non-concessional debt would still be needed, however, as ODA debt-service accounts for a relatively small share of scheduled debt service of poorer, debt-distressed countries.

- Since 1956 the Paris Club has been the forum where debtor countries usually negotiate the rescheduling of debt service payments on loans extended, or guaranteed, by the governments or the official agencies of participating creditor countries.
- The Paris Club is an informal forum with no legal statutes or written rules and procedures. Its practices have evolved throughout the years. Meetings are convened at the request of debtor countries and are chaired by a senior official of the French Treasury. OECD countries are the principal members but other creditor countries with similar claims are encouraged to participate. The meetings are also attended by observers from international institutions, including the IMF, the World Bank and UNCTAD.
- Since 1978 UNCTAD has participated in over 140 meetings of the Paris Club involving about 50 countries. The UNCTAD representative presents an analysis of the economic circumstances and future prospects of the debtor country and makes a case for debt relief in the overall context of the country's adjustment and development efforts and its need for long-term finance.
- The rescheduling process does not end with the reaching of an agreement in the Paris Club. Debt relief becomes effective only when bilateral agreements negotiated with individual creditor countries establish the debts covered by the rescheduling and the interest charge on them.

Other Recent Innovations

After the unsatisfactory experience with MYRAs in 1985-1986, there was a return to MYRAs in 1989-1990, for the Philippines, Mexico, Mali and Bolivia. In each case the length of the consolidation period was covered by an IMF programme: extended arrangements for the Philippines and Mexico, a Structural Adjustment Facility (SAF) in the case of Mali and an Enhanced Structural Adjustment Facility (ESAF) for Bolivia. The provision of medium-term support for a debtor country's efforts to overcome its problems through MYRAs linked to IMF programmes is a welcome development. But wider use of this practice would imply a much more extensive recourse to these longer-term IMF facilities than is currently expected.

The past year has also witnessed the application of the so-called "Venice terms", that is longer maturities than the standard 10-year period, to debt rescheduled by countries not benefiting from the Toronto terms. Under this new policy, Guyana received a 21-year maturity while a 15-year maturity was agreed for Côte d'Ivoire and Poland. This improvement implies the creation of an intermediate category between the standard rescheduling terms and the Toronto terms. Although this more flexible approach is positive, it should be recalled that, as with option B under the Toronto menu, longer repayment periods entail neither additional cash flow relief in the short and medium-term, nor concessionality. Thus, the Venice terms cannot be seen as a proxy for the Toronto terms as they do not provide the debt or debt-service reduction required by many countries which are not yet beneficiaries of the Toronto options.

The rescheduling of Polish debt earlier this year marked a significant departure from standard Paris Club practices in many respects. Poland's official creditors exceptionally agreed to reschedule virtually all payments on outstanding debt falling due during the 15 months to March 1991. The amount involved, $9.4 billion, was the second largest in the Club's history. Moreover, it is payable over a period of 15 years, an unusually long maturity. Finally, creditor countries agreed to set up a working group with the Polish Government to examine matters relating to Poland's financial obligations to Paris Club Governments. Within that Group, Poland is seeking a long-term solution to its debt problem through debt reduction.

Despite these recent improvements, the essential features of the Paris Club remain fundamentally intact. With few exceptions, official creditors continue to require that a rescheduling country has concluded a prior arrangement with the IMF. This often implies delays and a further deterioration in the country's financial position. In a few agreements negotiated recently, the link with Fund conditionality has become even stronger, as creditors made the implementation of the agreement contingent upon the debtor country meeting the performance criteria under a stand-by arrangement.

More Changes Required

The approach of official bilateral creditors has clearly improved significantly in recent years, especially with regard to debt owed by the poorest sub-Saharan African countries, for which official bilateral debt accounts for more than 40 per cent of total debt. This progress, however, has not yet translated into a substantial alleviation of debt burdens. Bolder debt-relief measures are, therefore, needed if the further growth of the debt stock and repeated reschedulings are to be avoided.

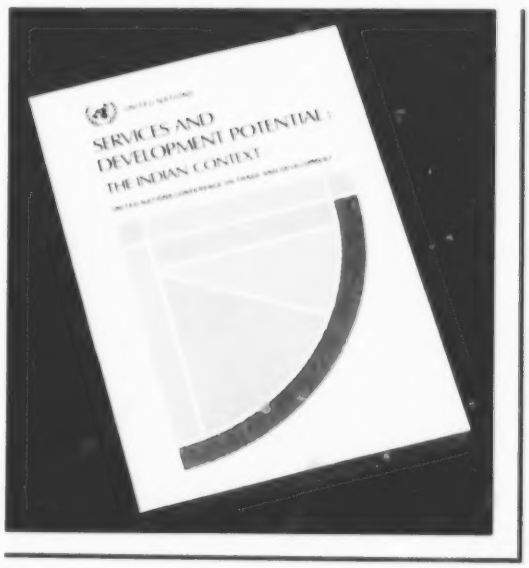
Further improvements might include a review of the eligibility criteria for the Toronto terms. As a first step, all least developed countries and all IDA-eligible countries should be made eligible. For countries meeting the revised criteria, especially for the most distressed countries, the concessionality of the measures could be enhanced. Moreover, consideration could be given to rescheduling up to 100 per cent of Paris Club obligations and to applying MYRAs to all beneficiary countries. Efforts could also be made to ensure additionality through a closer co-ordination between the Paris Club and donor groups; and other bilateral creditors–such as OPEC and countries of Eastern Europe–could be encouraged to adopt comparable measures.

In the case of middle-income countries whose debt is mostly owed to official creditors, the strengthened debt strategy, which embodies the principle of debt reduction, poses a major challenge to bilateral creditors. Some efforts have recently been made to tackle this issue by granting longer repayment periods and by re-introducing MYRAs. These are steps in the right direction, but for many debtor countries in this category, debt and debt-service reduction will be required to remove the debt overhang. This will raise a number of difficult problems for creditors and debtors alike, including (a) the financial consequences of debt reduction operations for export credit agencies and eventually for the creditor governments' budget, and (b) the possible adverse impact on new export credits. Despite these problems, the issue of official bilateral debt reduction deserves urgent consideration.

REVIEWS

SERVICES AND DEVELOPMENT POTENTIAL: THE INDIAN CONTEXT
UNCTAD/ITP/22

The 12 studies in this volume, prepared for a seminar organized in 1989 by the Indian Council of Research on Economic Relations and UNCTAD, provide a comprehensive theoretical



overview from a development perspective of the problems in the Uruguay Round negotiations on trade in services. One set of studies analyses some of the conceptual issues involved; a second addresses sector-specific issues. A notable feature of the volume is an attempt to depart from the simplistic and linear concepts of the services economy which served to justify the linking of concessions in goods with concessions in services early in the Round.

The volume qualifies the traditional perception that developing countries have a comparative advantage in labour-intensive services, pointing out that information is becoming a key factor in the production and export of most services. Thus, international competitiveness depends more on a country's capacity to appropriate, accumulate and use knowledge and know-how associated with new technologies than on resource allocation or on the availability of factors of production. Hence, the up-grading of human capital, rather than its abundance becomes central to economic development. The need is therefore stressed to develop "producer" services or "knowledge-based" services domestically and to perceive trade policies in such service sectors as a means of furthering this process rather than simply as a means of earning foreign exchange. With regard to the developmental dimension of trade in services, the volume notes that any multilateral framework for such trade would not fully achieve the objective of the Punta del Este Declaration unless it goes beyond the realm of government trade regulations and deals with the problems of restrictive business practices and similar forms of corporate behaviour by entities enjoying a strong competitive position in services.

INTERNATIONAL CODE OF CONDUCT ON THE TRANSFER OF TECHNOLOGY: SELECT BIBLIOGRAPHY

TD/B/C.6/INF.14

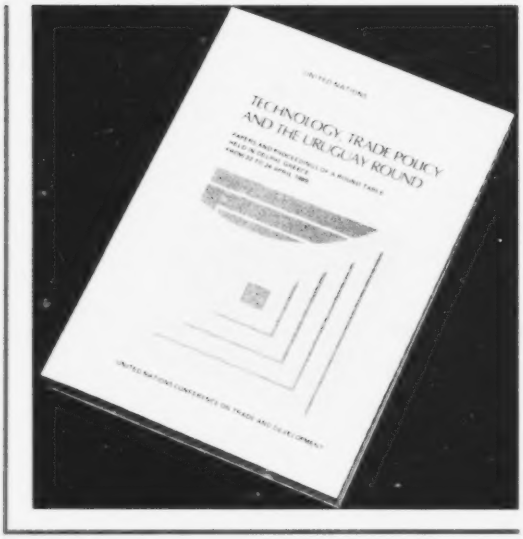
This bibliography has been compiled by UNCTAD's Technology Programme in response to a growing number of enquiries about literature on the evolution, scope, contents and status of the draft code of conduct on the transfer of technology. The need for an international code of conduct was first articulated in the early 1970s as a result of the rapid growth of international technological flows and of the emergence of a clearer perception of the role of technology in the development process. One of the principal objectives of the Code is to establish universally acceptable norms and standards which would apply to relations between technology suppliers and recipients. Though negotiations on the Code have not been concluded, the process itself has generated worldwide interest in the contractual terms and conditions on the transfer of technology and has already resulted in the adoption of legislation in a number of countries. This interest is also reflected in the numerous studies which exist on the topic. The UNCTAD *Select Bibliography* contains mainly monographs and periodical articles published outside the United Nations system up to mid-1989.

TECHNOLOGY, TRADE POLICY AND THE URUGUAY ROUND

UNCTAD/ITP/23

This volume contains the Proceedings of the Round Table on Technology and Trade Policy which was co-hosted with the European Cultural Centre, Delphi, and the University of Athens in April 1989, and was convened under the UNCTAD/UNDP Programme of Technical Assistance to Developing Countries for the Multilateral Trade Negotiations. The promoters of the Round Table were motivated by the conviction that a better understanding of how technological factors influence trade policy could facilitate efforts to reach mutually acceptable solutions in critical new, technology-related areas of the Uruguay Round.

The discussions and papers, which are either reproduced in full or summarized in the volume, address four main themes. Under the first theme *Technology trends, trade patterns and policy responses*, papers were presented by Professor Luc Soete of the Rijksuniversiteit Limburg, Netherlands; Dr. Dieter Ernst, Senior Advisor, OECD Development Centre; Professor Constantine Vaitsos of the University of Athens; Professor Deepak Nayar of the Jawaharlal Nehru University, New Delhi; Dr. Daniel Malkin, Head, Industry Division, OECD; and Mr. Tom Ganiatsos, Senior Economic Affairs Officer, UNCTAD. Under *Trade-related intellectual property issues*, papers were presented by Ambassador Lars Anell, Permanent Representative of Sweden to the United Nations Office at Geneva; Professor Pablo Bifani, Universidad Autónoma de Madrid; and Ambassador Rubens Ricupero, Permanent Representative of Brazil to the United Nations Office at Geneva. Under the heading *Role of services and possible elements of a multilateral framework*, papers were presented by Mr. Murray Gibbs, Senior Economic Affairs Officer, UNCTAD and Mr. Christoph Bail, Legal Adviser, Delegation of the Commission of European Communities. Finally, under *Trade-related investment measures*, papers were given by Mr. Zbigniew Zimny, United Nations Centre on Transnational Corporations and Professor Arghyrios Fatouros, University of Thessaloniki.



THE EUROPEAN COMMUNITY AND THE INTERNATIONAL TRADING SYSTEM, VOL. I, COMPLETING THE URUGUAY ROUND OF THE GATT
Anna Murphy, CEPS Paper No. 43

This volume, the first of two, focuses on the prospects for trade liberalization in the Uruguay Round. It examines the main issues involved and the elements necessary for a successful completion of the Round. While not neglecting the economic aspects of the policy debate, the study is essentially a political analysis. Correcting the institutional weaknesses of the GATT and reconciling the objectives of the system, as well as achieving the Round's aims all depend ultimately on the exercise of political will in deciding the kind of multilateral trading system that is needed.

The study also examines the interaction between the completion of the EC internal market and the Uruguay Round. It focuses on the factors peculiar to the GATT which influence EC attitudes in the negotiations and concludes that the Round challenges the EC to harness the logic of the internal market process to its external trade policy: for, as the author points out, the EC's approach may be influenced by the uncertainty about the trade effects of the internal market and fears of economic dislocation associated with its completion; on the other hand, the EC could seek to reinforce the GATT's role in promoting free trade in order to restrain protectionism within the Community.

The study is published by the Centre for European Policy Studies, Rue Ducale 33, B-1000 Brussels, Belgium, at a price of BF 500 plus postage.

NOTES

SYMPOSIA ON TRANSIT TRANSPORT IN AFRICA
As part of its on-going efforts to strengthen the operational and institutional capabilities in the transit transport sectors in Africa, UNCTAD organized two symposia in March: the first, for the West-Central subregion was held in Abidjan, Côte d'Ivoire, and was financed by UNDP; the second, for the Southern African subregion, was held in Lusaka, Zambia, with the financial support of UNDP and USAID. In both cases the objective was to improve the efficiency of the transit transport system and to promote co-operative arrangements between land-locked countries and their transit neighbours. UNCTAD's Advance Cargo Information System (ACIS), designed to facilitate the monitoring of cargo movements, was also brought to the attention of participants.

GSP SEMINAR IN MALTA
A national seminar on the Generalized System of Preferences (GSP) was organized in Malta from 10-12 April 1990 by the Malta Export Trade Corporation and the UNCTAD Technical Co-operation Programme on the GSP. It was attended by 35 participants, mostly exporters, but also some officials from Government agencies dealing with external trade. The seminar's main purpose was to acquaint Maltese exporters with the GSP as a means of diversifying export markets. At present, the country's exports are heavily concentrated on the EC, largely as a result of a special preferential association agreement. The seminar analyzed access possibilities under the various GSP schemes for a wide range of typical Maltese export items. Following the seminar, private consultations were held with individual exporters to establish whether their products qualified under the GSP and, if so, under which national schemes.

MANAGEMENT WORKSHOP FOR ASEAN INSURANCE COMMISSIONS
On 17-19 April UNCTAD, in co-operation with the Thailand Insurance Institute and the Insurance Commissioner of Thailand and with UNDP financial support, organized a workshop in Bangkok for the ASEAN insurance commissions on problems and challenges facing the insurance industry. Specific issues discussed include problems in the areas of marketing, public-image, training; the way the insurance industry should respond, in terms of business policies and strategies, in the light of changed demand and supply of in-

surance; the implications of such changes for insurance regulation and supervision and the regulatory measures needed to ensure a sound development of the insurance industry in the 1990s. The Bangkok workshop will be followed by others on Financial Management and Monitoring (Singapore), Reinsurance Security (Indonesia) and Motor Insurance (Malaysia).

PREPARATIONS FOR REVIEW CONFERENCE ON RBPs

An Intergovernmental Group of Experts on Restrictive Business Practices (RBPs), meeting under UNCTAD's aegis from 23-27 April, concluded preparatory work for next November's United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of RBPs. While the Group was not able to agree on all the proposals before it, the discussion reflected a certain convergence of views on the issues of transparency, better definition of consultation procedures and the need for increased technical assistance. The meeting also requested the UNCTAD secretariat to prepare reports which are intended to help the Conference consider ways of rendering the implementation of the Set more effective in these three areas.

The meeting was marked by a change in the attitude to RBPs of the countries of Eastern Europe. With several of them opting for market economies, legislation to ensure free competition, to set out guidelines for joint ventures and to curb RBPs has become a subject of particular interest. A new emphasis was indeed noted on co-operation with all countries which had gained experience in the development of competition and in coping with anti-competitive practices.

TECHNICAL ASSISTANCE PROJECT ON TRADE POLICIES

With generous financial contributions from the Governments of Italy, Norway and Sweden, the UNCTAD secretariat has launched a new project in the area of trade policies. The project will assist individual developing countries requesting UNCTAD's help in redesigning their trade policies with a view to taking advantage of the possibilities offered by the international economic environment in the 1990s. The project is designed to look at the entire trade policy apparatus and to help governments to increase its effectiveness and coherence. The UNCTAD secretariat plans to carry out work on 20 to 30 countries selected among those expressing a strong interest in the project. Some countries will also be studied because of the intrinsic relevance of their experience to other developing countries.

PUBLICATIONS

- Statistical survey on insurance and reinsurance operations in developing countries 1984-1986 (TD/B/C.3/231)
- Debt and managing adjustment: Attracting non-debt-creating financial flows and new lending (TD/B/C.3/234)
- The external financing of development (TD/B/C.3/235)
- Economic co-operation among developing countries in the field of shipping, ports and multimodal transport: Overview of recent developments (TD/B/C.4/324)
- Imbalance between supply and demand in world shipping (TD/B/C.4/333)
- Technical co-operation in connection with the Generalized System of Preferences (TD/B/C.5/128)
- Feasibility study for providing exporters and importers consolidated computerized information on the GSP (TD/B/C.5/129)
- Comprehensive review of the GSP, including its implementation, maintenance, improvement and utilization (TD/B/C.5/130)
- Selected issues on restrictions to trade (UNCTAD/ITP/24)
- The implementation of laws and regulations on transfer of technology: The experience of the Republic of Korea (UNCTAD/ITP/TEC/6)
- Power plant performance in India (UNCTAD/TT/92)

Sales Publications

- Tungsten Statistics 1989 (TD/B/C.1/TUNGSTEN/STAT/L.56, price US$25.00)
- UNCTAD Review, 1989, Vol.I, No.2: (Sales No. E.89.II.D.20, price US$6.00)

UNCTAD documents are available for reference at all United Nations Information Centres and at depository libraries for United Nations publications. The yearly subscription for all mimeographed UNCTAD documents is US$250 including postage. Requests for such subscriptions as well as orders for individual sales publications should be addressed to: United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland.

FORTHCOMING UNCTAD MEETINGS

- ***June***
  21-29
  Committee on Shipping
  (Geneva, fourteenth session)
- ***August***
  30-31
  Pre-Conference consultations among Senior Officials, Second United Nations Conference on the Least Developed Countries (Paris)
- ***September***
  3-14
  The Conference

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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- NGOs Prepare for Paris
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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

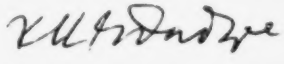
EDITORIAL

In 1971 the international community recognized the existence of a category of countries whose distinctness lay not so much in the poverty of their people as in the weakness of their economic, institutional and human resources, often compounded by geophysical handicaps. Today, 420 million people in the 41 "least developed countries" (LDCs) look to the Paris Conference for reassurance that their condition will start to improve after the dismal experience of the 1980s. During that decade a combination of domestic policy shortcomings, insufficient international support, inadequate structural adjustment programmes and an inclement international environment effectively undermined the Substantial New Programme of Action adopted in 1981 at the first United Nations Conference on the Least Developed Countries, also in Paris.

The pre-negotiated draft programme of action for the 1990s, which the Conference will consider, suggests that the lessons of the past have been largely assimilated and presages a more effective approach to the problems typical of these countries. It reflects broad agreement on new elements of development strategy and on the basic principles which should guide the relationship between the LDCs and their development partners. A number of key questions, however, remain unresolved at the time of writing.

It is vital that a consensus be worked out by the Conference, for the reversal of the human tragedy which is played out daily in most LDCs is a matter of common interest as well as an ethical imperative for the international community as a whole. The time has come to adopt remedial actions at the national and international levels which address the specific weaknesses of these countries. Indeed, the Second Paris Conference could mark a turning point in the development dialogue if it produces a broad partnership among governments, international institutions, enterprises and non-governmental organizations, united in a firm commitment to help the LDCs break out of the vicious circle of poverty and degradation and to make headway in world markets.

A measure of hope is justified: obstacles to development arise largely from man-made policies and there is no policy that cannot be changed for the better, so long as there is a consensus in favour of change and a determination to bring it about. In the final analysis, therefore, the fulfilment of the just aspirations of millions of people will depend on the readiness of governments of both North and South to exercise the necessary political will. I trust that the requisite spirit of compromise will not be found wanting in Paris.



Kenneth K. S. Dadzie
Secretary-General
United Nations Conference
on Trade and Development

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 167 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

MESSAGES

THE PRESIDENT OF FRANCE

The Second United Nations Conference on the Least Developed Countries will open on 3 September in Paris. Our country had already welcomed in 1981 the first international conference concerning this least privileged category of developing countries. France is highly conscious of the honour thus conferred. It is fully aware of the duty of the whole international community, at the dawn of a new decade, to make of this meeting a decisive step enabling these countries to catch up on the road to a decent standard of life.

Under the wise auspices of UNCTAD and its Secretary-General real progress has recently been made in analysing the difficulties which have so far obstructed the growth of the least developed countries (LDCs) and put their long-term development at risk. It is now for us, in a more propitious international climate, free from the political prejudices and ideological debates of another era, to define and put into effect, for the benefit of these countries, a true plan of action based on certain elements of good sense:

- The governments of these countries have the prime responsibility for their development policies. It is for them to decide their orientations and priorities, and to put into action without delay indispensable reforms of economic and social policy, favouring a steadier progress towards democracy, a fuller participation of men and of women and a greater liberty for private initiatives of all types.
- To achieve these objectives, the LDCs must continue to enjoy a more favourable international environment and the strengthened backing of all their partners: States, multilateral and regional aid institutions and non-governmental organizations. All these partners must bring to these countries a better adapted technical assistance and an appropriate financial support, sharing with them the fruits of their own experience. France made a commitment at the 1981 Conference to raise to 0.15 per cent of its GNP its aid to the least developed countries. This was achieved in 1989.
- It is clear that the success of development policies depends on strengthened co-operation between the LDCs and their partners, a co-operation sustained by clear and precise mutual commitments whose implementation is methodically and regularly monitored.

Without such commitments, the Paris Conference will result in nothing more than a new catalogue of recommendations, praiseworthy to be sure, but without any direct effect on the development of the LDCs. The fate of these countries, which need not only more help but also more understanding, is directly linked to that of other more or less developed countries which cannot, in an interdependent world, hope for steady progress while leaving behind them people often at the limits of survival. How can we imagine, at a time when the winds of liberty blow all around us, when countries hitherto enclosed start to emerge, that the people of the South could be abandoned in destitution and despair?

François Mitterrand

For beyond that which is purely economic and financial, the action to be taken involves an elementary solidarity based above all on a moral duty to respect man's choices everywhere and in all circumstances. The entire international community must realize the importance of what is at stake and show determination in the search for solutions adapted to the needs of the least developed countries. I refuse to believe that their problems are insoluble. All that has been lacking so far has been the will to apply effective remedies. That is one of the major challenges which now confront us.

France for its part approaches the Paris Conference in the most open spirit and with confidence, not doubting the readiness of its partners to show proof of the same spirit and the same will.

THE PRESIDENT OF BANGLADESH

Hussain Muhammad Ershad

A decade after the adoption of the Substantial New Programme of Action in 1981, the Second United Nations Conference on the Least Developed Countries constitutes a major and timely initiative to address the acute development needs of the world's poorest and weakest countries. During the past decade the economic difficulties facing these countries have further worsened. They have also become more complex. They continue to be so fundamental that extraordinary additional measures are plainly required to assist the least developed countries (LDCs).

The Paris Conference provides us with a unique opportunity to harness all our energies to reverse this situation through meaningful national action and concerted international efforts. I am confident that, in the present propitious global political climate, this Conference will be particularly successful in providing a new sense of direction and impetus to international development co-operation to this end.

The Conference should simultaneously consider effective measures that would facilitate growth-oriented structural changes in the LDC economies and the achievement of significant progress in such important areas as poverty alleviation, nutrition, health care, housing, education and employment. The task may appear to be daunting. But given our determination, political vision and readiness to act seriously, we shall definitely succeed in our endeavours. I am positive that the successful outcome of the forthcoming Conference will herald a new era of progress for the teeming millions in the least developed countries.

Moussa Traoré

THE PRESIDENT OF MALI

The Second United Nations Conference on the Least Developed Countries, being held at the dawn of the last decade separating us from the third millennium, is a unique opportunity for mankind to pause and reflect upon the lot of its less fortunate members, in order to respond effectively to the greatest and clearest challenges it has ever had to face.

The decade just ended has been one of decisions not acted upon, of unfulfilled expectations. But it will also be remembered as one during which the least developed countries (LDCs) acknowledged and affirmed their primary responsibility for finding lasting solutions to their own development problems. Several are those countries–and Mali is one–which have courageously undertaken reforms in their economic

structures and policies. Indeed, we want to lay the foundations for sustained development driven by its internal dynamics and answering to our own concerns.

However, as this second Conference will no doubt confirm, obstacles persist over which our countries have no control but which must be overcome if the greater part of humanity is to be given the opportunity to develop. These are notably the heavy burden of external debt, the continuing deterioration in the terms of trade and the lack of transparency in developed country markets for our products.

Together we can remove these obstacles and ensure that the huge needs of the LDCs are satisfied through an adequate transfer of resources and technology, as well as by the establishment of a partnership of trust for mutually beneficial co-operation.

Such is the price to be paid if this last decade of the twentieth century, too, is not to be lost for development.

THE PRESIDENT OF UGANDA

Yoweri K. Museveni

There were great expectations of the Substantial New Programme of Action (SNPA) when it was adopted by the first United Nations Conference on the Least Developed Countries in 1981. The SNPA aimed at transforming the economies of these countries and at providing minimum standards of nutrition, health, housing and education as well as job opportunities for their citizens. Those expectations were not realized and the aid commitments made by the developed countries have not materialized in full.

We approach the second Conference with renewed hope. We look for a joint commitment for the development of the least developed countries (LDCs). The LDCs must trigger domestic economic policy reforms, and the developed countries should ensure adequate external support for such efforts.

It is clear that increases in external support will be necessary for the LDCs to achieve economic transformation; it is also vitally important that the efforts of the LDCs to reach this objective by earning resources through trade, and to reduce their dependence on aid, should be equally supported through enhanced market access. The importance of increased external support for LDC efforts to boost trade is heightened by the adverse conditions faced by so many countries in international markets: Uganda's terms of trade halved over the last year.

A major burden on the earned foreign exchange resources of the LDCs is the level of debt service. The debt-service ratio for Uganda, for example, was 60 per cent in 1989; and, of that debt-service burden, an increasing proportion will be owed to multilateral donors through the 1990s. The efforts of the developed countries to provide debt relief to the LDCs have so far failed to tackle the problem of the growing burden of multilateral debt. It is my hope that the Paris Conference will recognize the fundamental importance of this problem and give increased impetus to the international dialogue seeking to alleviate this burden. I trust that these global efforts will lead to a genuine redefinition of interdependence and a rearrangement of international trade.

The crisis of the 1980s has heightened the need for the poor and the rich to work in concert to lessen the trauma of poverty. The fulfilment of our desires is equal to the goodwill that we shall all bring to this Conference. We, therefore, look forward to the Conference with renewed optimism that it will articulate a programme of substantial development action for the LDCs for the 1990s.

CALENDAR OF THE PREPARATORY PROCESS FOR THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

1988		
April	International Round Table on the Socio-Economic Development of the LDCs (Athens)	Report on Round Table, document TD/B/INF/167
May	Inter-Agency Consultations on the LDCs (Geneva)	Report on Consultations, document ACC/1988/11
September	Meeting of Eminent Persons on the LDCs (The Hague)	Report on Meeting, document UNCLDC II/1
1989		
April	Ninth Meeting of Ministers of African LDCs (Addis Ababa)	Declaration by the Conference of Ministers of African LDCs[1]
	High Level Experts' Meeting on the Role of the Enterprise Sector in the Development of the LDCs (Helsinki)	Report on Meeting, document UNCLDC II/2
May	Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the LDCs (Geneva)	Report on Meeting, document A/CONF.147/PC/2
June	Publication of The Least Developed Countries 1988 Report (TD/B/1202)	
August	Publication of the Trade and Development Report, 1989, Part II: The Least Developed Countries (UNCTAD/TDR/9)	
September	Inter-Agency Consultations on the LDCs (Geneva)	Report on Consultations, document ACC/1989/19
October	Meeting of the Group of Experts on Asian/Pacific LDCs (Bangkok)	Report on Meeting, document DP/EGM/LDC/Rep.[2]
November	Meeting on the Role of Non-Governmental Organizations in the Development of the LDCs (Kathmandu)	Report on Meeting, document UNCLDC II/3
	Meeting of Senior Experts on LDCs (Copenhagen)	
1990		
January	Informal Experts' Meeting on Aid Co-ordination and Effectiveness in the LDCs (Geneva)	Related study, document UNCLDC II/4
	Meeting on the Role of Women in the Development of the LDCs (Niamey)	Report on Meeting, document UNCLDC II/5
February	Ministerial Meeting of the Least Developed Countries (Dhaka)	Report on Meeting, Dhaka Declaration and Decisions, document A/CONF.147/PC/6 and Add.1
	Intergovernmental Meeting on National and International Action for the LDCs in the ESCAP Region in the 1990s (Bangkok)	Report on Meeting, document DP/IMLDC/Rep.[2]
February/ March	Symposium on Trade, Technical and Economic Co-operation between the LDCs and the Countries of Eastern Europe (Moscow)	Report on Symposium, document UNCLDC II/6

March/April	UNCTAD Intergovernmental Group on the LDCs (Preparatory Committee for the Conference) (Geneva)	Report on Meeting and Draft Programme of Action, document A/CONF. 147/2
	NGO Preparatory Meeting for the Conference (Geneva)	Summary Report on Meeting[3]
May	Intergovernmental Committee of Experts of African LDCs (Tripoli)	Report on Meeting, document E/ECA/LDCs. 10/EXP. 9/7[1]
	Tenth Meeting of Ministers of African LDCs (Tripoli)	Report on Meeting, document E/ECA/LDCs. 10/L[1]
June	Publication of The Least Developed Countries 1989 Report (TD/B/1248)	

[1] *Available from the United Nations Economic Commission for Africa (ECA), P.O. Box 3001, Addis Ababa, Ethiopia*
[2] *Available from the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), United Nations Building, Rajdamnern Avenue, Bangkok 10200, Thailand*
[3] *Available from the United Nations Non-Governmental Liaison Service, Palais des Nations, 1211 Geneva 10, Switzerland*

THE GOAL FOR PARIS: A MORE COMMITTED PARTNERSHIP

For the second time in a decade, the international community is about to gather at a special United Nations conference devoted solely to the least developed countries (LDCs), now numbering 41.[1] The issue at stake is whether the continuing marginalization of most of these countries from the mainstream of world trade and development can be reversed. It is recognized by policy makers in LDCs and their developed donor partners that the recipe for turning this trend around and overcoming the built-in obstacles impeding the development of these countries must combine, in each case, strengthened and better directed national efforts with substantial and resolute international support. The task of the Conference is to convert this recognition into explicit political commitments by both sides of this development partnership, aimed at securing accelerated growth in all LDCs in the context of a more vigorous development of the developing world as a whole.

Preparatory Committee Makes Headway

As was explained in the previous issue of the *Bulletin*, the UNCTAD Intergovernmental Group (IGG) on the Least Developed Countries, acting as Preparatory Committee for the Conference, achieved considerable progress at its meeting in March/April this year. It agreed that the Conference should finalize and adopt a Programme of Action for the 1990s for the LDCs and, accordingly, formulated a draft of such a Programme. The text reflects a broad agreement on the basic principles that should guide international co-operation for the implementation of the Programme of Action as well as on the global framework for long-term growth and development in the LDCs.

In this connection, it was accepted that structural adjustment programmes have to be supportive of the medium-term plans and long-term economic and social objectives of the LDCs. The draft text also stresses that a growth-oriented macro-economic framework should be consistent and yet have room for flexibility as regards the types of instruments to be used and the manner of their application. It further emphasizes the need to temper the adverse social effects of structural adjustment programmes and to encourage the indigenous enterprise sector to play an important part in modernizing LDC economies.

The Issues Before the Conference

There were, however, some important issues discussed by the IGG which did not result in a common view; these will have to be dealt with by the Conference. They can be classified into three broad categories: (a) issues involving donor support and traditionally requiring decisions

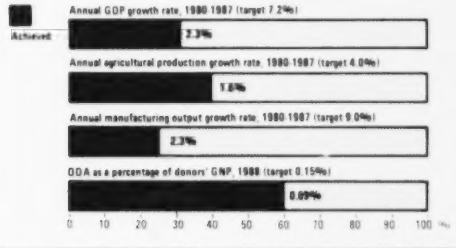
(continued on page 10)

[1] *The reduction in the number of LDCs is consequent upon the merger of the Yemen Arab Republic and the People's Democratic Republic of Yemen to form the single sovereign State of the Republic of Yemen.*

THE LEAST DEVELOPED COUNTRIES IN 1990 . . .

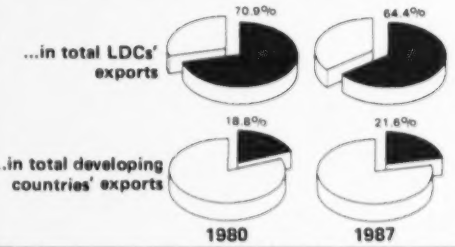
Targets for the 1980s were not met owing to domestic and external factors. For the majority of LDCs this meant negative per capita growth rates of GDP and of agricultural and manufacturing output.

1. SNPA TARGETS – SUCCESS RATE


Achieved
Annual GDP growth rate, 1980-1987 (target 7.2%)
2.3%
Annual agricultural production growth rate, 1980-1987 (target 4.0%)
1.8%
Annual manufacturing output growth rate, 1980-1987 (target 9.0%)
2.3%
ODA as a percentage of donors' GNP, 1988 (target 0.15%)
0.09%
0 10 20 30 40 50 60 70 80 90 100 %

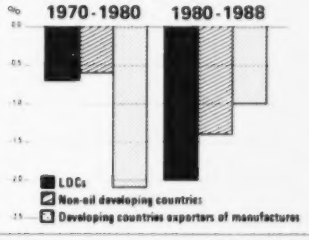
The necessary diversification of economic structures and output was not achieved and the heavy dependence of many LDCs on non-fuel commodity exports persists.

2. SHARE OF NON-FUEL COMMODITIES



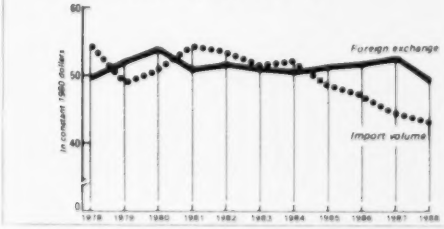
This vulnerability was exposed by the sharp decline in commodity prices during the past decade which contributed to widespread terms of trade losses.

3. TERMS OF TRADE, ANNUAL AVERAGE PERCENTAGE CHANGE



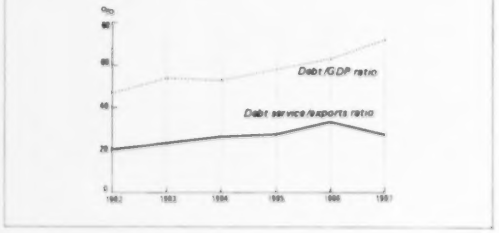
The weak external payments position of the LDCs is reflected in falling per capita foreign exchange receipts from exports and foreign aid, and in shrinking import volumes.

4. LDCs' FOREIGN EXCHANGE RECEIPTS AND IMPORT VOLUME, PER CAPITA



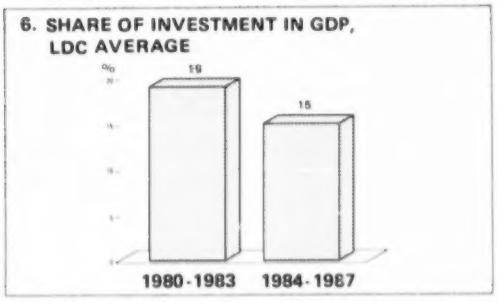
Import capacity was further reduced by the debt burden: the debt/GDP ratio grew by a half while debt service is absorbing a rising proportion of export receipts.

5. THE DEBT BURDEN OF THE LDCs

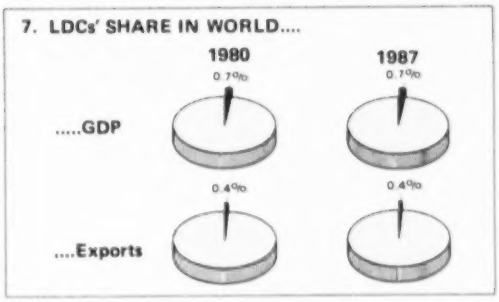


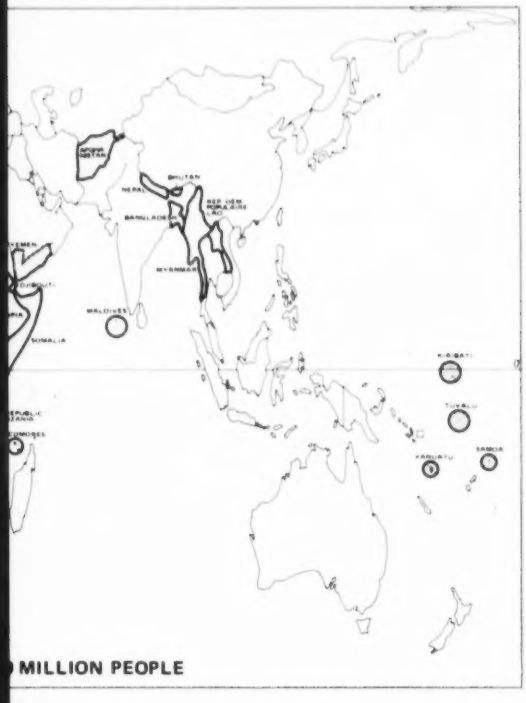
WEAK, VULNERABLE AND MARGINALIZED

The financial means for growing out of the vicious circle are thus lacking; 17 LDCs registered a negative annual rate of investment growth in 1980-1987 and investment ratios fell in 24 of them.

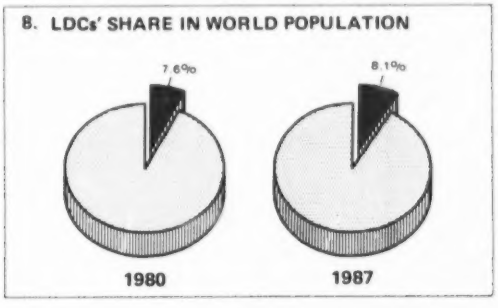


The inability of the LDCs to make significant economic headway in the 1980s and their continued marginalization are also reflected in their stagnant shares in world GDP and exports.

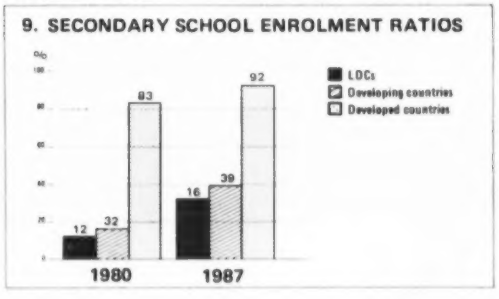




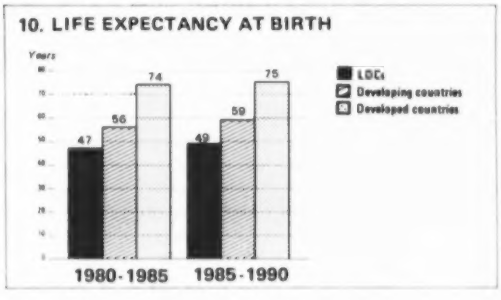
The insignificant portion of world income earned by these countries has had to be shared by a population which is growing faster that the world average.



For millions of young people–the human base for future development–the economic crisis of the 1980s has a harsh personal meaning: their prospects of receiving a formal education have hardly improved ...



...neither have their chances of living any longer than their parents, that is, less than 50 years on average. Human resource constraints, too, perpetuate underdevelopment.



at a high political level, e.g. aid targets and debt relief, as well as some elements of domestic policies which donors consider as necessary conditions for them to provide continuing support; (b) political issues calling for further intergovernmental consultations such as questions relating to human rights and the democratization of institutions; and (c) matters of a more sectoral nature such as transportation and the efficiency of public enterprises. Some of the major issues outstanding are described below.

Finance for Growth and Development

As regards the financing of growth and development, there is broad understanding on the policies required to promote domestic savings in LDCs and to ensure their effective use. Very small or negative ratios of domestic savings to GDP constituted a major obstacle to the development of these countries in the 1980s. In this connection, the need for a stable domestic environment and appropriate legal and administrative institutions was stressed by the IGG.

The need was also identified for a supportive external financial environment: for an adequate volume of external finance to complement domestic efforts, including a substantial increase in the overall volume of multilateral assistance; for improving aid modalities and effectiveness; and for action to expand external private non-debt-creating flows. It should be recalled that the Substantial New Programme of Action for the 1980s (SNPA) had called for official development assistance (ODA) to LDCs (31 countries at the time of the adoption of the SNPA in 1981) to reach 0.15 per cent of donors' GNP; yet, ODA to the now larger LDC group (41 countries) represents merely 0.09 per cent of donors' GNP. The draft Programme of Action for the 1990s thus states that external financial support "should be both sufficient in terms of volume and efficient in terms of allocation." However, the question of an ODA target, whether it should be expressed in terms of donors' GNP or in volume terms, its level and the time-frame for its achievement are matters which could not be resolved by the Preparatory Committee and which will have to be taken up by the Conference.

The Burden of Debt

Another major question which participating governments will address in Paris is how to cope with LDCs' debt problems. The combined debt-service obligations of these countries rose from an already high level of 20 per cent of their exports of goods and services in 1982 to 27 per cent in 1987. For many individual countries the ratio is much higher and the debt burden represents an added constraint on their adjustment efforts. The key unresolved policy issue in this regard relates to how to improve and widen the scope of existing debt relief measures and mechanisms, including possible measures for: debt reduction through full cancellation of official bilateral concessional and non-concessional debts or equivalent measures; alleviating LDC debt-service obligations to multilateral institutions as well as commercial bank debt burdens; and ensuring that resources provided by donors for debt reduction/relief are additional to aid budgets.

Support in the Trade Field

During the 1980s the performance of the trade sector in the majority of LDCs was particularly poor, with export values growing at an average annual rate of only one per cent while imports stagnated. The deliberations of the IGG revealed a convergence of views on the need to improve market access for products from the LDCs and to enhance the benefits they derive from GSP schemes. As a short-term measure, the need for compensatory finance to help offset commodity export earnings shortfalls was recognized. However, the Conference will need to explore the possibility of increasing either the automaticity of compensation or the availability of resources under existing schemes. It will also have to decide on the way in which the Programme of Action for the 1990s could influence the outcome of the multilateral trade negotiations in the Uruguay Round in order to give special consideration to LDCs in a number of areas, including the reduction/elimination of tariff and non-tariff barriers. Another topic in the trade field which requires further consultations concerns modalities for the greater utilization and improvement of GSP schemes.

Debt burdens mean reduced spending on basic social needs

Domestic Sectoral Policies

This area is characterized by a wide measure of agreement. The draft text contains sections on the mobilization and development of human capacities and the expansion and modernization of the economic base. The dominant role of agriculture in the LDCs is stressed and reflected in the numerous measures envisaged for the 1990s. Policy recommendations on issues such as the role of women, of public enterprises, of NGOs, of science and technology, as well as on disaster mitigation, have also secured agreement. In addition, significant progress was made as regards policies on population, the role of the private sector, education and training, health and sanitation, industrial development and the infrastructure, though the text still contains alternative formulations. An issue on which no agreement has been reached, however, relates to national and international measures required to ensure sound environmental management in LDCs.

Implementation and Follow-up

A common understanding was reached in the IGG on the need for effective follow-up and monitoring mechanisms for the implementation of the Programme of Action for the LDCs for the 1990s. In this respect, it was agreed that the leadership of the LDC Governments should be central in translating the principles and commitments of the Programme into concrete measures, that UNDP Round Tables and World Bank Consultative Groups should continue to constitute the backbone of the review process at the national level, and that at the global level UNCTAD should continue to be the focal point for the review and appraisal of the Programme. On the other hand, consensus on certain aspects of the follow-up process, notably on how to achieve an effective interaction between the national and global reviews, will have to be pursued by the Conference.

LDC products need improved access to world markets

FOR MEDIA CORRESPONDENTS

Regular United Nations press and other media facilities will be available at the Conference site, UNESCO Headquarters, 9 place de Fontenoy, 75007 Paris. Accreditation is now open; application forms are available at United Nations Information Centres throughout the world, as well as at the UNCTAD secretariat, Geneva, and at the Department of Public Information, United Nations, New York. Accreditation in Paris will start on 30 August 1990 at the Conference Press Accreditation Office, UNESCO.

An eve-of-Conference Press Encounter will be held in the afternoon of 30 August and in the morning of 31 August at the Conference site. All correspondents attending the Conference are cordially invited to participate in this event. A panel of distinguished personalities will present the main topics on the Conference agenda and discuss them with journalists present.

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NGOs PREPARE FOR PARIS

The United Nations Non-Governmental Liaison Service and the UNCTAD secretariat organized an NGO Preparatory Meeting for the Paris Conference in Geneva from 31 March-2 April. The meeting brought together NGOs from least developed countries (LDCs) and developed countries as well as representatives of governments and the UNCTAD secretariat. The objectives were to clarify NGO approaches to the development problems of LDCs and the issues before the Conference, and to agree upon information, education and advocacy strategies. NGOs saw the Conference as a very important link in a series of events affecting the future of North-South relations such as the Lomé IV Convention, the April 1990 Special Session of the United Nations General Assembly on international economic co-operation, the concluding phase of the Uruguay Round, the End-Term Review of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) in 1991, and preparations for the 1992 United Nations Conference on Environment and Development.

The NGO participants agreed on three priority objectives for their work around the Conference, viz. to convince governments of the significant contribution that NGOs make to LDC development through their projects and programmes in the LDCs and through their policy advocacy work at the international level; to urge donor governments to make a greater effort to support LDC development through dealing decisively with debt and trade-related problems, and by increasing the quantity and quality of aid flows in support of appropriate development programmes drawn up by the LDCs; and to urge LDC governments to design and implement national economic recovery programmes which recognize the importance of democracy, human rights and people's participation in development, thereby benefitting the poor majority and responding to the need for environmental sustainability. An informal steering committee of Northern and LDC NGOs was constituted with a view to fostering communications among NGOs during the remainder of the preparatory process. In particular, participants expressed the hope that national consultations would take place within LDCs on the issues before the Conference and on the contribution of NGOs to LDC development.

Planned NGO Activities

- ***September***

  4-5
  Meetings between NGOs and representatives of governments and intergovernmental institutions. (Contact: T. Lemaresquier/T. Hill, United Nations Non-Governmental Liaison Service, Palais des Nations, 1211 Geneva 10, Switzerland Tel. (4122) 734 60 11, ext. 2005/2009)

  4-14
  Meetings between developed country and LDC NGOs, and between NGOs, government representatives and multilateral agencies. (Contact: as above)

  5-6
  Forum on partnership with LDCs organized by Survie 90. (Contact: Sharon Courtoux, Survie 90, 25 rue Jonquoy, 75014 Paris. Tel. 45 39 08 62)

  7-8
  Colloquium on development financing in the 1990s, organized by the Centre de recherche et d'information pour le développement (CRID). (Contact: Jean-Marie Hatton, CRID, 49 rue de la Glacière, 75013 Paris. Tel. 43 37 71 81)

  11-14
  International seminar on North-South Action for the Poor, organized by Youth for Development Co-operation (YDC). (Contact: YDC, Overschiestraat 9, 1062 HN Amsterdam. Tel. (20) 14 25 10)

- An NGO newspaper will appear during the Conference. This will take the form of five special issues of the European NGO magazine *Dialogue*.

- Representatives of NGOs without status in ECOSOC/UNCTAD wishing to follow the Conference should register at the Press Accreditation Desk, Hall Ségur, UNESCO.

UNCTAD TECHNICAL CO-OPERATION IN THE LDCs

In order to compensate for an extremely limited human resource base, particularly in the private sector, most least developed countries (LDCs) relied heavily on public sector investment after independence in an attempt to accelerate economic development. Often, however, these investments were not matched by a commensurate development of the institutions and expertise necessary for effective economic management. Moreover, the economic crisis which beset most LDCs during the 1980s led to a deterioration in the infrastructure and in public services. Thus, the primary objective of UNCTAD's technical co-operation activities in the LDCs is institutional support and/or institution building.

Almost all of UNCTAD's regional and inter-regional technical co-operation activities devote special attention to the LDCs. This is particularly the case with regional projects in sub-Saharan Africa, where most LDCs are located, and which represented more than 30 per cent of total technical co-operation expenditures in 1989.[1] Thus, while this article–the third in the current *Bulletin* series on technical co-operation–focuses on projects related to trade, economic resource management and the transfer of technology, all key areas in which management structures and human resource capacity require strengthening, it does not constitute a comprehensive account of what UNCTAD does to promote the development of the LDCs.

Trade Policy Projects

Because of the rapid changes in the international trading environment, the intensification of linkages between national sectoral and macroeconomic policies, and the existence of constraints on the successful implementation of trade policy options, the task of formulating trade policies has become increasingly complex. Moreover, the likely reform of the GATT in the 1990s and other foreseeable changes in the world trading environment will make it imperative for all countries, the LDCs in particular, to improve their capacity to formulate flexible and efficient trade policies which take into account these new realities.

UNCTAD's trade policy projects in the LDCs are therefore designed to strengthen the participating country's capabilities in formulating and managing policy instruments adapted to the evolving external environment. As the current policy changes in Eastern Europe and other parts of the world demonstrate, such adaptation includes a move, sometimes abrupt, towards more market-oriented economies. For this reason, a typical centre-piece of these projects is assistance in putting in place suitable policies to manage such a transition. This involves activities such as help in privatizing state-owned trading companies, assistance in establishing customs facilities and advice on policies to liberalize import and export procedures.

Technical co-operation strengthens LDC export efforts

Trade policy assistance in the LDCs also includes national workshops organized with government officials, together with representatives of the business community and of employer organizations; training schemes to help modernize the civil administration in terms of both policy-related and technical matters; programmes to improve access to both short and long-term finance and investment; the design of procedures to reduce trade tax evasion, to minimize capital flight and to lower the direct costs to the economy of invoicing malpractices; and assistance in maximizing the value of countertrade to the economy.

A further aspect of UNCTAD's technical co-operation is the development, in conjunction with the International Trade Centre, of programmes to promote exports. This involves the conducting of surveys of export potential for both traditional and non-traditional goods; the design and development of export risk insurance; the establishment of "one-stop" export centres to reduce bureaucratic procedures; the development of "commercial attaché" services and even such

[1] *If national projects are included, the proportion rises to over 40 per cent.*

activities as the revision of export taxes and aircraft landing fees to improve a country's competitive status.

All of these activities are designed so that they can be managed by the relevant national officials once the technical co-operation consultants have completed their assignment. Appropriate computer hardware and software are designed and installed in collaboration with the national counterparts, who are in turn trained in their use and motivated to enhance productivity on a continuing basis. So far, eight LDCs have been involved in one or more of the above projects, and plans are under way for the participation of several more in the coming year.

Improving Economic Resource Management

One of the most serious constraints on development in LDCs is the weak administrative capacity of public institutions. A major consequence is the inability to utilize fully the aid, substantial in *per capita* terms, provided by the international donor community. This has led to growing donor concern about LDCs' "absorptive capacity" for aid. The latter varies from country to country and from sector to sector, but in general could be enhanced through improved co-ordination, both at the national and at the donor level, and through better monitoring. Also important for LDC governments, often faced with a plethora of development partners each with its own aid procedures and priorities, is the rationalization of the terms and conditions of external assistance.

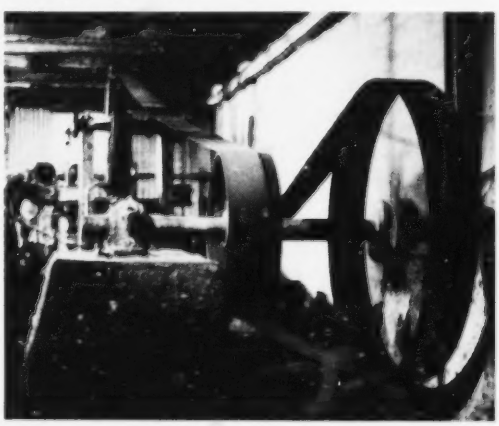
For these reasons, UNCTAD has developed a project to help establish national machinery in LDCs designed to strengthen the capacity of governments to negotiate, mobilize, co-ordinate and monitor external aid flows. A first step would be the creation of a technical secretariat in the ministry of planning, or an equivalent institution, as well as of a set of rules and procedures for organizing its functions and its relations with other ministries and donors. Next, a computerized management information system (MIS) would be set up, including the appropriate data base relating to aid flows, priority projects, donor profiles, terms and conditions, and so on. Finally, national staff would be trained in the development and use of the information system, particularly for policy purposes. Careful attention has been paid in designing the MIS to making it extremely "user-friendly". This means, for example, that it works on a personal computer using a menu system and a standard, readily-available software programme which can be subsequently altered by the users themselves if necessary. It is expected that this project will be implemented in a number of LDCs over the coming year.

Technology Transfer Project in the Asia-Pacific Region

LDCs are also the main focus of a UNDP-financed regional project on the Transfer and Utilization of Technology in Least Developed and Island Developing Countries of Asia and the Pacific, currently being implemented by UNCTAD's Advisory Service on Transfer of Technology. This project, which benefits from the services of an associate expert made available by the Government of Finland, aims at strengthening the capacity of LDCs to promote technology transfer through improving selection and acquisition policies and procedures compatibly with their development priorities. The participating countries, Bhutan, Fiji, Maldives, Myanmar, Nepal and Samoa, are concerned with overcoming specific difficulties such as a lack of adequate information as to available sources of technology; the absence of criteria to determine the suitability of a given technology to a country's needs; and a lack of expertise in negotiating favourable terms for the importation of technology. These weaknesses often result in inappropriate choices, poorly matched to local skills and resource bases and which may give rise to heavy foreign exchange outlays and a long-term external dependence.

By the end of the project, the beneficiary countries should have developed a stronger capacity to access and use technological information and to evaluate a wider range of potential sources; a set of guidelines to assist the selection process; and an improved ability to negotiate contracts for the purchase of imported technology. The target beneficiaries within these countries are the users of such technologies, particularly in small and medium-sized productive enterprises.

The choice of appropriate technology to replace old machines is of crucial importance



In line with the project strategy, the needs of each participating country are first being examined by the UNCTAD Advisory Service on Transfer of Technology through a detailed review of the current technology flows and policies, supplemented by information already available to the UNCTAD secretariat from past technical co-operation activities. In the next phase, alternative arrangements for the transfer of technology will be examined, including international tender systems, procurement contracts, direct foreign investment and joint ventures, together with suitable institutional arrangements. In a third phase, training programmes will be undertaken in the participating countries in the form of workshops and study tours.

The assessments of policies and arrangements with respect to the importation of technology which are currently being completed as part of the first phase of the project will form the basis of a workshop scheduled for December 1990. The workshop is being hosted by the Philippines as a contribution to regional co-operation in the field of technology.

Other Aspects of UNCTAD's Work in LDCs

The discussion above has concentrated on three important aspects of UNCTAD's technical co-operation in the LDCs. As already mentioned, however, there are many other areas in which technical assistance is extended to these countries, although not solely to them. Thus, for example, UNCTAD's Debt-Monitoring and Financial Analysis System (DMFAS) is used by central banks in a number of developing countries, including some LDCs. The Automated System for Customs Data reporting (ASYCUDA–*see "UNCTAD Bulletin", No. 3, 1990*) is used in many LDCs. UNCTAD is also heavily involved in providing assistance to developing countries in Africa, many of them LDCs, in the transport area, particularly as regards the efficient use of ports and railways. The latter is a vital concern of landlocked developing countries, almost all of which are LDCs. In particular through three African regional projects, governments of landlocked countries and their transit neighbours are being assisted in the negotiation of co-operative arrangements, including the development/improvement of transit transport facilities and services, as well as in the installation of software–the Advanced Cargo Information System (ACIS)–designed to track the movement of goods along transit corridors.

Further information on UNCTAD's technical co-operation activities may be obtained by writing to the Chief, Joint Technical Co-operation Unit, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland.

PUBLICATIONS

- Information material for shippers to make the most efficient use of multimodal transport (TD/B/C.4/330)
- Evaluation of the technical co-operation programme in the field of maritime and multimodal transport (TD/B/C.4/331 and Add.1)
- Protection of shipper interests: experiences in freight rate negotiations (TD/B/C.4/332)
- Inventory of existing mandates and new draft programme of work in the fields of multimodal transport and technological development (TD/B/C.4/323)
- Review of the work programme of the Committee on Shipping (TD/B/C.4/325)
- Intrinsic disabilities of island developing countries, by Lloyd Searwar (UNCTAD/RDP/LDC/31)
- The problems of inter-island transport, by A. D. Couper (UNCTAD/RDP/LDC/32)
- Improving public sector performance in island developing countries through modern information technology, by Morgens D. Romer (UNCTAD/RDP/LDC/33)
- Problems of island developing countries and proposals for concrete action: Issues for consideration (TD/B/AC.46/2)
- Guide to UNCTAD publications, 1989

UNCTAD documents are available for reference at all United Nations Information Centres and at depository libraries for United Nations publications. The yearly subscription for all mimeographed UNCTAD documents is US$250 including postage. Requests for such subscriptions as well as orders for individual sales publications should be addressed to: United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland.

FORTHCOMING UNCTAD MEETINGS

- ***August***
  30-31
  Pre-Conference consultations among Senior Officials, Second United Nations Conference on the Least Developed Countries (Paris)
- ***September***
  3-14
  The Conference (Paris)
  24-28
  Ad hoc Intergovernmental Group of Port Experts on the Development, Improvement and Operation of Ports (Geneva)
- ***October***
  1-12
  Trade and Development Board (Geneva, thirty-seventh session, first part)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

The successful conclusion of the Second United Nations Conference on the Least Developed Countries (LDCs) in Paris on 14 September owed much to the strong unity of purpose shown by the participating countries. The Declaration and the Programme of Action they have adopted together constitute a strong statement of shared responsibility for the future well-being of the people of the LDCs and a commitment to reverse their marginalization. They should also give fresh impetus to multilateral co-operation for development in the interests of a healthy, secure and equitable world economy.

The Programme of Action is a comprehensive statement of strategy and policy. If it is vigorously and unrelentingly implemented by all parties, it should lead to sustained development in the LDCs. One noteworthy aspect of the Programme is its recognition that development centred on human welfare is broader and more complex than a linear process of growth. The democratic and equitable participation of all social actors is essential if the LDCs are to realize their full potential. It is also clear, however, that without economic growth none of the Programme's other objectives can be achieved.

On the key issue of external financial resources, the Programme is both positive and realistic. On official development assistance, it is faithful to its own principle that commitments should be measurable and transparent. It is to be hoped that the menu of options available to donors will give them an incentive to move up the "ladder" of aid commitments and lead to an increased flow of concessional resources. On debt, the Conference produced a comprehensive statement of the problem and a broad indication of action to be taken as a matter of priority.

The test of the Paris Programme now lies in its implementation, for which effective follow-up mechanisms must be put in place. These must permit the monitoring of progress in fulfilling the commitments made by the LDCs and their development partners. They must also ensure that the global context is not neglected in planning and undertaking action at the national level, and permit flexible responses to changes in the external environment. Finally, these mechanisms must secure the active and enduring involvement of all parties. In this collective enterprise, UNCTAD will, in the words of its Secretary-General, "spare no effort to make the major contribution expected of it".

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 166 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor

TRADE AND DEVELOPMENT REPORT 1990

WORLD RECESSION LIKELY, WILL BE REINFORCED BY IMPACT OF MIDDLE EAST CRISIS ON ENERGY COSTS, INTEREST RATES

UNCTAD's *Trade and Development Report 1990*, released on 19 September, warns that "the world economy seems to be slipping into recession, a tendency that only some economies in Asia and some members of the EEC appear likely to resist". The *Report* foresees particularly poor growth performance this year in Latin America and in Eastern Europe, where output is set to decline, and a further deceleration in OECD growth. The Middle East crisis, which broke out after the *Report* was finalized, will reinforce these tendencies through its impact on energy costs and interest rates.

The medium-term prospect for the price of oil depends considerably on the supply response to higher prices. The *Report* points out, for example, that a price of US$30 per barrel, if sustained, would increase the annual import bill of oil-importing developing countries by some US$26 billion, equal to 10-15 per cent of export earnings remaining after interest payments on external debt. For developing countries not experiencing external payments problems, such as the rapidly industrializing countries in East Asia, the increased burden could be accommodated. For the vast majority of developing countries, however, the higher oil price would necessitate import compression. This would have a negative impact on welfare and growth, and would seriously jeopardize efforts to cope with debt-servicing difficulties. Indeed, should rising oil prices be accompanied by higher interest rates, the international debt strategy could become one of the first economic casualties of events in the Middle East. For even before these events, the *Report* had concluded that the strategy promised to yield only half the amount of debt and debt-service reduction needed by countries highly indebted to the commercial banks.

A sustained increase in the oil price would also have serious consequences for the oil-importing economies of Eastern Europe. These countries had already agreed to settle their oil purchases in dollars at current prices, a change that implies a price rise. Although individual situations vary, this new arrangement plus a price of US$30 per barrel would cause the oil import bill of these countries as a group to absorb about 50 per cent of their hard currency export earnings.

The *Report* welcomes the efforts under way in the United States to reach agreement on policies to reduce significantly the Federal Government budget deficit, and emphasizes the need to ensure that such an agreement is accompanied by a relaxation of monetary policy and a lowering of interest rates. This analysis retains all its validity, but events in the Middle East have reduced its timeliness. The prospects for cutting Federal Government expenditures have been diminished, at least in the near term, suggesting that budget deficit reduction may need to take place primarily through tax increases, a formulation on which there is as yet no political consensus.

At the same time, the inflationary impact of the August oil price increases created expectations that monetary policies in the major industrial countries would tighten. While this had not materialized as of end-August, long-term interest rates rose. The prospects for a better U.S. fiscal posture and lower interest rates thus appear uncertain. For, as the *Report* had foreseen before the Middle East events, "systematically high interest rates place monetary policy on a tightrope. Should there be a supply shock on prices, for example, policy makers would be faced with the unattractive option of either tightening policy, allowing interest rates to shoot up from already high levels, thereby virtually ensuring recession, or allowing prices to feed through, thereby creating a ratcheting upward of rates of inflation".

Income Gap Widens, Among and Within Countries

Any movement towards higher oil prices and interest rates and weaker raw material prices because of a slowdown in the OECD area will also increase pressures on the poor in developing countries. Evaluating the situation before the August oil price rise, the *Report* had already highlighted the tendency of prevailing patterns of adjustment to contribute to a widening of the income gap between the rich and the poor, both at the international and national level. At the global level, the gap is widening not only between the developed world, where *per capita* output increased in the 1980s, and the developing world, where it declined, but also within the latter. While in African and Latin American countries *per capita* output fell sharply, it grew in countries of East Asia. At the national level, income distribution in many developing economies has worsened, endangering social and political stability.

The *Report* identifies a series of negative economic dynamics which explain the divergencies in growth rates among countries and the

worsening of income distribution within the developing world. One is the stagnation of investment, leading to a deterioration in the stock of productive capital in a number of debt-distressed countries. Apart from creating a severe handicap for future growth, this also widens the gap in the respective abilities of debt-distressed and other developing countries to secure and use modern technology.

A second concern is the deterioration in income distribution which results from the sheer size of the macro-economic losses sustained by the debt-distressed countries and also, in part, from differences in the international mobility of capital and labour. The *Report* explains that the burden of adjustment cannot be made to fall to any significant degree on capital or the highly skilled without provoking an acceleration of capital flight and a brain drain. If this is to be avoided, the burden must inevitably fall mainly on others. Moreover, the *Report* adds, "an international debt strategy that is oriented towards improving the investment climate and encouraging the return of flight capital as instruments for overcoming the debt crisis, rather than incorporating them as factors that will follow the resolution of the crisis, works to worsen the distribution of income in the short term, even though this clearly is not the intent".

The varying degrees of success achieved in meeting targets set for mastering inflation, and hence in promoting confidence, is another factor which helps explain differences in growth performances. Referring to the experience of some developing countries, the *Report* states that "When governments put forward anti-inflationary programmes that subsequently fail to meet their objectives, inflationary expectations can actually become more deeply ingrained, and inflation itself becomes more impervious to future policy action".

A final factor is the strained policy-making and executing capacities of many developing countries. "There can be no doubt that improvements in both the formulation and execution of policy are often needed", the *Report* recognizes, but when the task of bringing about simultaneously reform, adjustment, stabilization and liberalization while promoting growth, protecting the most vulnerable and dealing with conflicting social demands is thrust upon administrations that are themselves in the process of development, it is not surprising that objectives are frequently not met.

Dangers of Financial Market Instability

Events in the Middle East have also produced turmoil in world financial markets. Equity markets have overreacted to the stagflationary consequences of the rise in oil prices, producing considerable gyrations and falling by more than is warranted by the likely impact on corporate profits. Financial markets are propagating and amplifying the effects of supply-side shocks; if this continues, their effects on the real economy could turn out to exceed that of the oil price increase.

These developments, moreover, have occurred after a decade of which the *Report* says, "Never before in the post-war period have instability and uncertainty in financial and currency markets been so high and counterproductive for international trade and investment ...". It points out that currency instability has encouraged protectionist pressures while unpredictability has shortened the time-horizons of investment decisions. Moreover, uncertainty in exchange rates, like that in interest rates, has induced wealth holders to prefer liquid assets to long-term instruments, thus putting upward pressure on long-term interest rates.

The *Report* attributes the intensity of market volatility and unpredictability in recent years "to the globalization of finance interacting with the new thrust of government policies which favour liberalizing and deregulating private finance and aim fiscal and monetary policies at nominal, as opposed to real objectives". This shift sought to unleash initiative and enterprise, "But since asset markets are ruled by changing expectations and temperament, its end result may have been, rather, to unshackle speculation". Speculation indeed accounts for the largest part of international financial transactions.

The *Report* stresses the urgent need to reverse these trends, arguing that financial markets need to be managed if they are to serve the needs of enterprise. For this purpose, it explains, governments need to commit themselves to defend a publicly announced pattern of exchange rates compatible with high levels of activity and employment, and it suggests the establishment of "an EMS (European Monetary System)-type arrangement ... between the dollar, the ECU and the yen". It also calls for a much stronger multilateral surveillance of fiscal and monetary policies.

Attempts to reduce financial uncertainty should also include regulation of short-term capital flows. The *Report* advocates the tightening and harmonization of prudential regulations in all major financial centres and the levying of taxes on financial transactions to deter speculation. It warns, however, that such regulations and restrictions should not be a substitute for appropriate policies and should be used solely for "reducing the scope of markets to create autonomous disturbances".

PROMOTING TRADE THROUGH TECHNICAL CO-OPERATION

ACTIVITIES

By reason of its mandate, UNCTAD's focus is on promoting international trade as an instrument of accelerated development. This developmental vision also permeates the organization's technical co-operation activities which are indeed a natural outgrowth of its analytical work. In the area of trade the primary objectives of this co-operation are to strengthen mechanisms and procedures for expanding trade flows; to increase the capacity of developing countries to address strategic trade-related issues; and to help these countries participate effectively in the trading system and in efforts to improve it. This article, the fourth in the current series, surveys some major aspects of UNCTAD's trade-related technical co-operation, which has experienced a marked expansion in the past few years.

As the chart below shows, activities in this area accounted for 21 per cent of total expenditures on technical co-operation in 1989, or US$ 3.8 million. This compares with a share of 17 per cent in 1988 and represents an almost two-fold increase in outlays over the previous year.

Structural Adjustment and Trade Expansion

UNCTAD's technical co-operation in this field relates to the provision of assistance to developing countries in the formulation and implementation of policies designed to promote trade expansion and to the implementation and improvement of the Generalized System of Preferences (GSP).

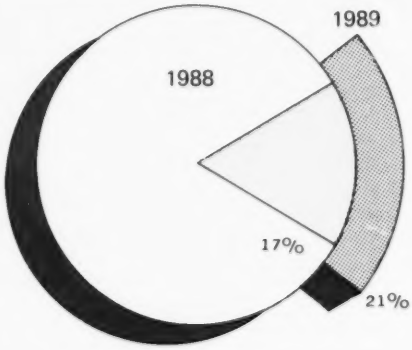
Trade Policy Projects

UNCTAD's technical co-operation on trade policy matters started in the mid-1970s when assistance was provided for the establishment of export credit insurance schemes. Five countries have received such assistance so far. Meanwhile, the growing interest of many developing countries in export processing free zones led to UNCTAD providing assistance with feasibility studies for such zones and with reviews of the benefits and costs of zones already in operation.

Recent developments such as the formation of regional trading blocs, the opening of the economies of Eastern Europe and China, and the emergence of East Asia as a focus of trade expansion, have forced many developing countries to review their options in the trade policy area and design specific policies that would ensure both increased international competitiveness and macro-economic stability. Adequate experience in formulating such policies, however, is generally lacking in developing countries. Empirical evidence now suggests, for example, that low-income countries may not be sufficiently flexible to undertake adjustment successfully. The changes necessary to diversify and expand production require years of investment and institutional and human resource development.

In order to assist developing countries in redesigning their trade policies, UNCTAD has launched a Trade Policies Programme which is funded by contributions from the Governments of Italy, Norway and Sweden. The Government of the Federal Republic of Germany has provided an associate expert. The project will study the trade policy apparatus in individual countries; provide advice on specific problems encountered in policy formulation and implementation; and identify specific technical assistance needs. The project also has a policy-oriented research aspect which consists in studying the link between trade policy and trade performance in countries applying different trade regimes and at different levels of development. Countries are being selected from two basic groups: countries having a diversified industrial sector and whose trade policy experience is of broad policy interest to other developing countries; and low-income countries with small and relatively undiversified manufacturing sectors oriented mainly towards the domestic market.

SHARE OF TRADE-RELATED ACTIVITIES IN UNCTAD TECHNICAL CO-OPERATION*



*Shares relate to activities described in the article

So far, the project is undertaking national studies in Chile, Brazil, Peru, Costa Rica and Malaysia. The studies are being carried out by local consultants. Moreover, national workshops are being organized to review the findings of the country reports and assess options for trade policy reforms. Plans are in hand to commission studies in a more diversified sample of countries. The availability of a wide range of studies and the comparative assessments which they will make possible should be of use to other developing countries wishing to institute trade policy reform.

Furthermore, as described in the article on technical co-operation in the Least Developed Countries featured in the previous issue of the *Bulletin*, UNCTAD also provides assistance designed to strengthen a country's ability to adapt trade policy instruments to the evolving external environment. One such project is under way in Nicaragua; it seeks to improve the country's tariff drawback system, to strengthen its information on existing foreign markets and to identify exportable products and potential markets. UNCTAD is also providing technical training to public sector corporations designed to improve their management systems as well as their relationship with the Ministry of the Economy, Industry and Trade and with the private sector.

The Generalized System of Preferences (GSP)

After a decade of negotiations, the GSP came into operation in 1971. It is currently composed of 16 autonomous schemes offered by 22 OECD countries and five Eastern European countries. Under the GSP, most-favoured-nation (MFN) tariffs are either eliminated or reduced in favour of beneficiary countries. These preferential margins act as incentives to importers in developed countries to divert their sources of imports from developed to GSP beneficiary countries. The generalized, non-discriminatory and non-reciprocal character of the GSP is intended to facilitate the attainment of its objectives, namely, to raise the level of developing countries' foreign exchange earnings, their rate of industrialization and level of economic growth. Trade flows under the GSP have increased four-fold since 1976 to almost $60 billion.

Technical co-operation activities related to the GSP have been in effect since March 1972. The scope of the programme was broadened after 1983 to include training in other trade laws, relating to such topics as anti-dumping, countervailing duties and standards. Regional projects consist mainly of regional and sub-regional seminars which bring together government officials and private sector interests to exchange experiences in the utilization of the GSP; national seminars which concentrate on the practical aspects of GSP utilization through discussions with private sector manufacturers and exporters; and advisory missions aimed at establishing or improving the GSP focal points which administer preferential exports in individual countries. There is also a growing number of national GSP projects, financed out of the UNDP Indicative Planning Figure (IPF) of the countries concerned. Interregional activities have been continued by UNCTAD under a funds-in-trust arrangement and with bilateral funding for specific projects, thus ensuring a global network of GSP technical co-operation activities.

The scale of training activities has increased steadily. For example, in 1989 as many as 71 activities were undertaken world-wide. These included 34 training seminars–six at the regional/sub-regional level and 28 at the national level–and 15 advisory missions. In all, 1,887 participants received training, the majority in national seminars where most participants represented the private and public entities actually using the GSP. This year, a series of GSP seminars have also been held in Hungary and Poland, newly designated GSP beneficiaries.

Protectionism and Market Access

The purpose of technical co-operation in this area is to 'help developing countries identify and, if possible, overcome various kinds of impediments to trade, as well as deal with various practices which may adversely affect competition.

Software for Market Analysis and Restrictions on Trade (SMART)

The effective participation of countries in international negotiations with a view to improving market access requires considerable skills in managing large volumes of complex data on trade and trade barriers. UNCTAD and the World Bank launched a system in 1989–Software for Market Analysis and Restrictions on Trade (SMART)–to meet this requirement of developing countries. The system was designed for use by non-technical personnel and can be operated on any IBM-compatible personal computer. It has since been improved with UNDP financial support to take account of users' comments.

The SMART system brings together data on trade flows and tariffs from the GATT Trade and Tariff Study Data Base and on non-tariff measures (NTMs) from UNCTAD's Trade Control Measures Data Base *(see below)*. The information required by each exporting country in respect of its key markets is then transferred to diskettes which can be used in conjunction with the

SMART software. These diskettes are currently provided only to governments or, through them, to research institutes. Data are available at the tariff line level of the schedule of each importing country as used in the GATT Data Base. Other classification systems, such as the Standard International Trade Classification (SITC), however, can also be accessed. For each market covered by the system, the diskettes carry data on imports, unit values and applied tariff rates and binding conditions, for the exporting country using SMART, the world, the total of developing countries and the five principal suppliers. The information extracted from the UNCTAD Data Base refers to all NTMs applied to products which are exported by the country using SMART, including the trading partners applying such measures and the date of their introduction and eventual termination; sources used; and comments provided by UNCTAD member States on their own trade measures.

The software allows users to review basic data on trade flows and on tariff and non-tariff measures for one market at a time. Using a series of menus, the operator can generate tables for groups and sub-groups of products as well as for individual products. Information is displayed on a monitor and can be printed on a desk-top printer or saved for use with other software packages. There is a facility for estimating how the exporting country using the system would be affected by changes in tariffs in overseas markets. These simulations use a partial equilibrium model to estimate the trade creation and diversion effects of such changes.

The SMART system has met with an encouraging response, not only in developing countries. It has been disseminated with the help of three UNDP-financed regional projects and training has already been provided to government officials of some 50 developing countries by UNCTAD and World Bank staff. So far, six regional and 14 national workshops have been held. SMART has been extensively used in the context of the Uruguay Round negotiations and has also become a valuable tool for the identification of new market opportunities.

The Trade Control Measures Information System (TCMIS)

The Trade Control Measures Information System (TCMIS) was created in 1988 primarily to maintain and further develop a data base on trade control measures (TCMs), based on existing sets of data for developed and developing countries. TCMs are measures that, either in practice or potentially, affect international trade flows by introducing different treatment for domestic and foreign production, whether because of the basic nature of the measure or because of the way it is applied. The following broad categories of measures are distinguished by TCMIS: tariffs, para-tariffs, quantity and price controls, monopolistic measures, automatic licensing procedures, monetary and financial measures and others.

Information on TCMs is collected for all countries from a wide range of official sources, then classified according to type of measure and summarized in a country inventory. It is later analysed and validated for computerization at the tariff-line level. It should be noted that a country's customs tariff may have from three to ten thousand individual product lines. Line by line, the rates of tariff and para-tariff measures for more than 100 countries have been coded so far, and in each line existing NTMs are also indicated. In this way, a comprehensive computerized information system has been created, known as the UNCTAD Data Base on Trade Control Measures. Its establishment has benefitted from the support of a UNDP-financed technical assistance project aimed at promoting economic co-operation among developing countries.

In order to permit cross-country comparisons, the TCMs, which were originally defined according to their respective national customs nomenclatures, have been related to their equivalents under the internationally adopted Customs Co-operation Council Nomenclature (CCCN). For analytical purposes, TCMs can also be matched at this common level with trade statistics from the United Nations Statistical Office. In the near future, the CCCN will be replaced as a basis for comparison by the recently adopted Harmonized Commodity Description and Coding System (HS).

Member States wishing to access the Data Base first designate a focal point, which then establishes contact with TCMIS. On request, the latter supplies the focal point with information relating to specific products and countries. In order to be able to deal with requests from other interested parties, particularly in the private sector, UNCTAD has created a Trust Fund, to which contributions may be channelled.

The broad objective of the Data Base is to increase transparency in international trading conditions and thus facilitate trade. It is also utilized, however, for more specific purposes, such as the analysis of developments in national trade policies and world trading conditions; the preparation of reference materials for trade negotiations; the analysis of the conditions of access to external markets for export promotion; and research on trade policies, not only by the UNCTAD secretariat but increasingly by

NEW BOARD PRESIDENT

The permanent representative of France to the United Nations Office at Geneva, Ambassador Jean-David Levitte, is the new President of the Trade and Development Board. He was elected by the Board at the first part of its 37th session on 1 October. After obtaining degrees in law, political science and oriental languages, Mr. Levitte entered the French diplomatic service in 1970. His overseas postings have included Hong Kong, Beijing and the United Nations in New York. Prior to being nominated to his current post in 1988, Mr. Levitte served as adviser in the secretariat of the Presidency of the Republic, later as Deputy-Director for West Africa in the Directorate of African Affairs of the French Ministry of Foreign Affairs (1984-1986) and more recently as Deputy Director in the cabinet of the Minister of Foreign Affairs.

The Trade and Development Board, composed of 130 member States, is UNCTAD's executive body. Its main purpose is to carry out the functions of the Conference when that body is not in session. The Board holds one regular session a year in two parts, the first in September/October and the second in March/April of the following year. The first part reviews interdependence and related matters, including the external debt problems of developing countries, while the second focuses on international trade issues. A number of subsidiary intergovernmental bodies report to the Board. The Board itself reports to the General Assembly of the United Nations.

Jean-David Levitte

Before the end of each regular session, the Board identifies the person to be nominated for election as President at the next session. In this way, the President-designate is able to participate in an advisory capacity in the preparatory work for the session. The office of President of the Trade and Development Board is subject to geographical rotation among member States and tenure is for one year.

researchers in other international organizations and in universities.

Through a joint project with the International Trade Centre (ITC), TCMIS is developing a system that will combine, at the tariff-line level, information on TCMs with other information relevant for export promotion in major markets, such as GSP schemes, foreign trade statistics, trade contacts and documentary sources of market information. UNCTAD is also collaborating with the ITC in the installation of a trade information network for the members of the Preferential Trade Area of Eastern and Southern Africa. This network (TINET), which consists of a software package that can exploit three different data bases (ITC's Data Base on Traders, the ITC Import Tabulation System and UNCTAD's Data Base on TCMs), is intended mainly for use by economic operators engaged in export promotion within the region. The main function of the UNCTAD component of the software package is to extract data on TCMs combined with trade data for selected products and markets, and to make country comparisons.

Restrictive Business Practices (RBPs)

Market access also requires knowledge concerning the nature and effects of restrictive business practices (RBPs). These essentially non-governmental restrictions are used by enterprises to regulate or influence the prices, marketing and distribution of exports and imports and the manufacture, sale or resale of products within a country. Most developed market economy countries and a number of developing countries have enacted legislation to control such practices. In 1980 the General Assembly of

the United Nations adopted the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. Among other things, the Set provides for the implementation of technical assistance, advisory and training programmes on RBPs, particularly for developing countries.

In 1986, in response to a call for voluntary contributions, the Governments of Norway and Sweden contributed to UNCTAD's Restrictive Business Practices Trust Fund and made it possible for UNCTAD to launch its technical co-operation programme with a first regional seminar for African countries. Further contributions from these same two countries and from France financed seminars in Asia a year later and in French-speaking Africa in 1989. A seminar for Latin America was held last September.

The purpose of these regional seminars is to reinforce the capability of countries to assess the extent to which particular RBPs affect their trade and development; to strengthen their capacity to adopt and effectively enforce appropriate legislation and to implement procedures for the control of such practices within the context of overall industrialization and economic policies; and to enhance the technical expertise of government officials in devising remedial action against RBPs.

So far, UNCTAD has received 25 requests for assistance under this programme. In view of this strong interest, the UNCTAD secretariat in its report to the Review Conference on RBPs (26 November-7 December), will, among other things, present a review of recent experience, and will also propose the creation of a framework for technical co-operation in the area of RBP control.

Cross Sectoral Activities*

The Multilateral Trade Negotiations (MTNs) Programme

The Secretary-General of UNCTAD was requested by the Final Act of UNCTAD VII in 1987 to provide technical assistance to developing countries so as to facilitate their effective participation in the Uruguay Round of Multilateral Trade Negotiations (MTNs). The main objectives of UNCTAD's MTNs Programme, set up in response to this request, are: strengthening the national negotiating capabilities of developing countries; identifying their trade policy interests and pursuing them through negotiations at both bilateral and multilateral levels; and reinforcing the capacity of governments to identify and effectively pursue their interests in trade negotiations, and that of national institutions as well as of regional and sub-regional organizations to provide support to this end. The implementation of the Programme has been facilitated by the creation of national focal points which maintain a continuous liaison with UNCTAD.

With UNDP financing, UNCTAD is executing four projects, for Asia and the Pacific, Latin America and the Caribbean, Africa and an Interregional project, in collaboration with the relevant United Nations Regional Commissions. These projects involve the preparation of studies on issues of interest to developing countries involved in the MTNs, advisory missions and the organization of national, sub-regional and regional seminars and roundtables. Over 64 such activities were organized between 1987 and 1989. Specific issue-oriented interregional meetings on agriculture and trade-related investment measures (TRIMs) and on trade in services have also been organized. As of July 1990, 43 such meetings had been held. In 1989 UNCTAD's potential in this area was strengthened with the introduction of the Software for Market Analysis and Restrictions on Trade (SMART), which has been described above.

An important outcome of the Programme has been a greater understanding of the complexity of the issues being negotiated in the Uruguay Round, particularly the new issues such as TRIMs, trade-related intellectual property rights (TRIPs) and services, and of their possible effects on international trade and on the development process of the developing countries themselves. In turn this has led to a more active participation of these countries in the negotiations. The wide range of issues being discussed has moreover necessitated improved co-ordination within countries. As a result, inter-ministerial committees are being established in many developing countries to follow developments in the Round. It is foreseen that this process, complemented by the focal points, will provide the basis for future projects aimed at further strengthening the negotiating capacity of developing countries in the trade field at the bilateral, plurilateral and multilateral levels, in the various future negotiations that are expected to be conducted within the framework of the Uruguay Round results.

Looking ahead to the December Ministerial Meeting of the Trade Negotiations Committee, which should bring the Round to a conclusion, UNCTAD is organizing seminars and meetings with a view to supporting the participation of developing countries in this crucial phase and ensuring that their interests are reflected in the final

* *UNCTAD also has technical co-operation projects in the area of services. These will be the subject of a separate article in a forthcoming issue of the Bulletin.*

outcome. Meanwhile, UNCTAD's technical co-operation services are constantly available to respond to requests for assistance from developing country delegations.

TRAINFORTRADE–Training in the Field of Foreign Trade

While developing countries face a growing need to reinforce their capacity to adapt to a rapidly changing international economic environment and to exploit new trading opportunities, many of them lack the educational facilities necessary to produce trade practitioners with the requisite expertise. TRAINFORTRADE is a programme under joint development by UNCTAD and the International Trade Centre (ITC) to develop such expertise, focusing on national trade policies, export promotion and new trading instruments and techniques. This objective is being pursued through the production, in co-operation with selected institutions, of a series of training packages covering the needs of public and private sector practitioners in the field of foreign trade; the establishment of a self-sustaining network of co-operation among the selected institutions through the exchange of training material and staff; and the organization, through this network, of national and regional training courses and seminars.

The specific subjects to be covered by the training programme will be identified after consultations with interested governments, UNDP and other organizations involved in related areas or projects. During an initial pilot phase, the ITC and UNCTAD will each develop several packages. UNCTAD's contribution is expected to relate to commodity trading, for which a course on commodity commercialization policies and the use of futures markets is currently being prepared with the assistance of the French Government; preferential arrangements, including trade with EEC countries; competition policies; transfer of technology; marine insurance; freight forwarding; risk management; incentive policies for industrial exports, and trade in services and trade financing.

In its current initial two-year phase, the TRAINFORTRADE programme involves the establishment of a network of a small number of training institutions. As from 1993, it is planned to expand the network to include about 20 high-level institutions and business schools in all regions of the world.

Further information on UNCTAD's technical co-operation activities may be obtained by writing to the Chief, Joint Technical Co-operation Unit, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland.

UNITED NATIONS LEADERSHIP ADVOCATED ON TWO KEY ISSUES

Addressing the Economic Committee of the Economic and Social Council of the United Nations (ECOSOC) on 16 July, the Secretary-General of UNCTAD, Mr. K. K. S. Dadzie, called on the Council, in accordance with its responsibilities under the Charter, to exercise leadership in relation to current initiatives designed to shape future institutional arrangements in the field of trade and to achieve greater coherence in macro-economic policy co-ordination. The call drew inspiration from the Declaration adopted by the General Assembly last April which urged that international organizations in the area of trade should be strengthened and that the co-ordination of macro-economic policies should take full account of the interests and concerns of all countries, particularly the developing countries.

A New International Trade Organization

Referring to recent proposals for the establishment of a broader based trade organization built on a strengthened GATT, Mr. Dadzie noted that the underlying objectives were, among others, to provide GATT with a solid institutional basis and to consolidate and integrate the results of the Uruguay Round. He nevertheless struck a strong note of caution. He drew attention to certain risks implied by such proposals which had to be carefully assessed in the light of current developments. For example, some major trading nations have expressed the desire to link rights and obligations in the new areas being negotiated in the Uruguay Round, such as services, with those in the goods sector. From the point of view of weaker trading partners, such linkage, if accepted, would clearly expose existing rights and obligations in the goods sector to new uncertainties and would legitimize the threat of retaliation through the curtailment of market access by major trading nations whenever they perceive signs of restraint by other countries in the new areas. At present this kind of retaliation is widely accepted as being inconsistent with the GATT.

Mr. Dadzie added that any effort to strengthen the relevant international organizations must also take account of important systemic factors which affect the trading system. These include massive capital flows unrelated to trade which generate exchange rate instability; huge transactions by transnational enterprises which often bypass existing rules and disciplines; rapid technological change which has a profound impact on production techniques and modifies comparative

advantage based on natural resource endowment; and the emergence of trading blocs involving major trading nations.

In this situation, Mr. Dadzie concluded, governments must be encouraged to give serious consideration to the broader issues involved and to evolve mechanisms which will respond effectively to these developments. Considering the wide range of these issues and the importance of an integrated approach to them, the most appropriate forum for examining their implications in the context of the economic and social objectives and responsibilities laid down in the Charter, is the United Nations itself. "I believe that the time has come," Mr. Dadzie stated, "for the Economic and Social Council to recommend to the General Assembly how best to give effect to the intent of ... the Declaration. In this context, it would be appropriate to ensure that all current initiatives, ... are brought into proper relationship under the leadership that properly belongs to the United Nations Organization under its Charter."

Arrangements for Policy Co-ordination

On another recent development in the Uruguay Round, Mr. Dadzie said, "The impression is gaining ground that some sort of triumvirate (the GATT, World Bank and IMF) is envisaged which would be responsible for achieving greater coherence in global economic policy-making. The fear expressed by developing countries that this would lead to even heavier cross-conditionality ... reflects one of the prevailing anxieties about such an approach." He pointed out that the United Nations Charter conferred on the General Assembly and on ECOSOC wide-ranging responsibilities in respect of co-ordination of international economic policy and of the activities of the specialized agencies. Though these powers had not been effectively exercised for many years, they were beyond question and the United Nations had a role to play in global economic management.

Mr. Dadzie went on to explain that the United Nations was ideally situated for seeking consistent international policies in the field of investment, technology, trade, debt, money and finance, and the collective management of the world economy–policies in respect of which the responsibilities of international institutions are divided. It was also well known that serious policy inconsistencies appeared continually in these areas. Mr. Dadzie concluded, "No doubt GATT, as well as the IMF and the World Bank, has much to contribute in removing these inconsistencies. But, as is implicit in the relevant Charter pro-

(continued on page 14)

REVIEWS

NOTES ON A POSSIBLE MULTILATERAL FRAMEWORK FOR INTERNATIONAL TRADE IN BANKING SERVICES

Andrew J. Cornford
UNCTAD Discussion Paper–No. 28, April 1990

Banking services play a pivotal role in the functioning of economies since a great many transactions are linked to their use. The banking sector can, therefore, be a powerful instrument for influencing production and other major economic aggregates. As a result, the establishment of norms and regulations in the field of banking services at the national and international levels is not only a complex process, but frequently also a contentious one. The principal focus of this *Paper* is the North-South dimension of the Uruguay Round negotiations on international trade in banking servcies, although many of the subjects taken up also have a bearing on their North-North dimension.

The *Paper* first reviews various background issues such as the definition and measurement of banking services. These are important in the context of delimiting the scope of the negotiations, of relating the key concept of market access to the existence of different banking submarkets, and of obtaining an idea of the scale of banking transactions. Other background issues discussed are the nature of competition in banking and its connection to the costs and benefits of liberalization, some aspects of financial dependence, relations between credit allocation and the promotion of economic development, and problems which liberalizing trade in banking services may pose for monetary policy. There is also a review of some of the comparative evidence concerning the actual incidence of restrictions on the market access and operations of foreign banks in developing countries. The *Paper* finally takes up the question of applying to banking various concepts and principles on which the Uruguay Round discussions have centred, namely market access, national treatment, progressive liberalization, most-favoured-nation/non-discrimination, increasing participation of developing countries, regulatory situation, transparency, and safeguards and exceptions. Particular attention is given to the practicalities and problems of applying these concepts and

principles, some of which were originally designed for trade in goods, to international trade in banking services.

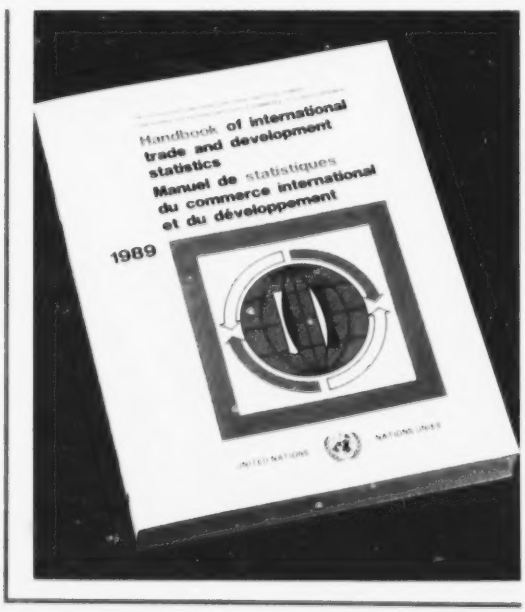
UNCTAD HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1989

United Nations publication:
Sales No. E/F.90.II.D.1
(price US$78.00)

The UNCTAD *Handbook of International Trade and Development Statistics, 1989*, just published, complements other more general statistical publications of the United Nations, and constitutes what is probably the most comprehensive collection of detailed analytical data on developing countries in relation to the world economy. It contains seven main parts and one annex, with data covering: the overall value of trade; the volume, unit value and terms of trade, commodity prices and consumer prices; the network of world trade by origin and destination; the commodity structure of imports and exports for individual countries; financial flows, aid and balance-of-payments data; basic indicators of development, including population, GDP, agricultural and industrial production and energy.

The tables dealing with trade, the values of exports and imports, unit values, terms of trade of developing countries by major region and analytical groupings as well as price indices of primary commodities have been extended through 1989. National account tables, showing total and *per capita* GDP growth by country and region have been updated to 1987-1988, while most other tables show data up to 1989.

The *Handbook* presents data wherever possible in a manner designed to facilitate meaningful interpretation, through the use of rank-orderings, growth rates, percentage shares and other special calculations. Detailed analytical tables give a breakdown of world trade by specific commodities as well as of developing country exports by commodity, showing market shares in the context of the total exports of eacn country, total developing-country exports and aggregate world exports. Other features include a comparative presentation of population, area and gross domestic product by major regions and countries, and indicators of social development in developing and developed countries.


Handbook of international trade and development statistics
Manuel de statistiques du commerce international et du développement
1989

THE EUROPEAN COMMUNITY AND THE INTERNATIONAL TRADING SYSTEM, VOL. II, THE EUROPEAN COMMUNITY AND THE URUGUAY ROUND

Anna Murphy, CEPS Paper No. 48

This second volume of a two-part study–the first was reviewed in the May-June 1990 issue of the *Bulletin*–focuses on: the interaction of the EC and the Uruguay Round in the broad sense of the impact of regional integration, through the completion of the internal market, on external trade; the tension between the former process and the Round's objective of multilateral trade liberalization, for example when the Community comes under pressure to maintain trade restrictions for non-economic reasons; how the EC manages its external trade policy, including an assessment of its record on discrimination and moves to extend access to the internal market; EC trade policy instruments and how they are used; and the interaction between internal policies and the Round. Whether the pursuit of the internal market and the reform of the Common Agricultural Policy condition the EC's input into the Round is a major issue addressed by the author. Finally, the study attempts to draw some conclusions about the compatibility of the processes of regional and multilateral trade liberalization and explains how the EC's approach to completing the internal market underlines the limitations and potential pitfalls of a multilateral, GATT-type approach to pursuing free trade.

The study is published by the Centre for European Policy Studies, Rue Ducale 33, B-1000 Brussels, Belgium, at a price of BF 500 plus postage.

TRANSFER AND DEVELOPMENT OF TECHNOLOGY IN DEVELOPING COUNTRIES: A COMPENDIUM OF POLICY ISSUES

UNCTAD/ITP/TEC/4

The implications for the economic policies of developing countries of the rapid rate of technological change are the major concern of this recently-published *Compendium*, which is aimed primarily at officials and executives involved in the decision-making processes in these countries. The publication discusses technological change and the development process since the 1950s; technology as a critical element in different types of trade policies; and the strengthening of domestic technological investments and capacities in developing countries. The latter topic is developed under such headings as efficiency; technological change and the production frontier; strengthening the role of financial and other supporting institutions; and the channelling of research and development results to the enterprise sector. The discussion draws on the experience of several countries to provide examples of how different policy combinations could tackle the interrelated problems of technology, finance, trade and development.

The *Compendium* is based on research work undertaken in UNCTAD, particularly in the Technology Programme, and on experience obtained through the activities of the Advisory Service on Transfer of Technology. Its publication was financed by the Swedish Government through the Swedish International Development Authority.

NOTES

UNCTAD TO STUDY ADJUSTMENT EXPERIENCES

At the conclusion of its thirteenth session on 8 May, the UNCTAD Committee on Invisibles and Financing related to Trade adopted a comprehensive work programme which calls for a review at the next session of the Committee of the determinants of the adjustment experiences in member countries. This review will be supported by secretariat studies and will consider in particular factors of domestic support, including measures to reduce social disparities and enhance popular participation, as well as the nature of structural adjustment programmes and external contributory factors. Also to be discussed at the next session will be the generation and mobilization of savings, taking into account domestic factors and relevant external forces and policies. In the consideration of these items, the Committee proposes to identify measures of technical assistance to enhance managerial and institutional efficiency in developing countries.

COMMITTEE REAFFIRMS COMMITMENT TO GSP, RECOMMENDS IMPROVEMENTS

The 81 countries participating in the UNCTAD Special Committee on Preferences concluded a ten-year review of the Generalized System of Preferences (GSP) on 22 May by adopting a consensus resolution which reaffirms the Committee's commitment to the GSP and stresses its importance as an instrument for the expansion of multilateral trade in the 1990s. To ensure that the GSP's full potential is achieved, the Committee called on preference-giving countries to maintain, strengthen and improve their autonomous schemes and for developing countries to make complementary efforts to utilize as fully as possible the benefits from the potential trade advantages created by the GSP. The Committee also recommended that preference-giving countries should consider expanding and improving the product coverage of their schemes as well as granting deeper tariff cuts, simplifying rules of origin and reducing *a priori* limitations on preferential imports in order to impart more stability and predictability to the system. It further recommended that safeguard measures be based on objective criteria and transparent procedures, and agreed that special consideration should be given to products of export interest to least developed countries, in particular by the provision of duty-free access.

Secretariat sources report that, parallel to the meeting of the Special Committee, 103 bilateral consultations took place on the operations of individual schemes between the 16 preference-giving and 19 preference-receiving countries.

UNCTAD CONSULTATION WITH TRADE UNIONS

Continuing its informal "policy dialogues" with development actors, the UNCTAD secretariat held its fourth annual consultation with trade unions on 9 June. The consultation was attended by representatives of the All-China Federation of Trade Unions; the International Confederation of Free Trade Unions (ICFTU); the Organization of African Trade Union Unity (OATUU); the World Confederation of Labour (WCL); the World Federation of Trade Unions (WFTU); and the International Labour Office. The meeting produced an intensive exchange of views on the items under discussion, viz. the Second United Nations Conference on the Least Developed Countries, the Uruguay Round, and the impact on developing countries of new technologies and of regional economic integration arrangements. Briefings on each of these topics were given by members of the UNCTAD secretariat. It is expected that the next annual consultation will be held before UNCTAD VIII in 1991, with the main agenda items being related to those of the Conference.

WORKSHOP ON TECHNOLOGY POLICIES IN LATIN AMERICA

A workshop on technology, trade and development issues in Latin America in the 1990s was organized in Caracas on 4-8 June by UNCTAD's Advisory Service on Transfer of Technology and the Helsinki School of Economics, in co-operation with the Sistema Económico Latinoamericano (SELA) and the Junta del Acuerdo de Cartagena (JUNAC). The workshop was financed by the Government of Finland and was attended by 28 specialists from 10 Latin American countries, as well as by representatives of United Nations bodies and regional institutions. Participants discussed a wide range of issues, including aspects of the international economic and technological environment and their implications for the region, particularly with regard to technology acquisition; the obstacles and opportunities offered by technology transfer and development at the regional and national levels, and in selected sectors of the economy; technological innovation; industrialization and modernization; regional integration and international co-operation. A special effort was made to identify new approaches to technological co-operation in order to better deal with the challenges faced by Latin America. The proceedings of the workshop are to be made available to national, regional, subregional and international organizations.

UNCTAD SHIPPING COMMITTEE TO STUDY MULTIMODAL TRANSPORT

The UNCTAD Committee on Shipping concluded a ten-day meeting on 29 June by adopting four resolutions, including one on multimodal transport. During the discussions, developing countries expressed concern about the adverse implications that the rapid expansion of increasingly sophisticated multimodal transport might have for their transport industries. Multimodal transport implies a control over all the links in the transport chain from producer to consumer. This concern is reflected in the resolution adopted by the Committee, which recognizes the need to avoid widening the gap between the developed and developing countries with regard to multimodal transport and containerization, and to monitor developments in both these fields. The Secretary-General of UNCTAD has accordingly been requested to convene a meeting of experts in 1991 to take stock of the principal problems that are experienced by users and providers of multimodal and/or container transport operations wherever there is a sea link.

The other resolutions adopted by the Committee relate to the endorsement of the Draft Convention on Maritime Liens and Mortgages, finalized in September 1989 by a joint UNCTAD/IMO Intergovernmental Group of Experts; and shipping policy, port development, international maritime legislation, technical co-operation and training. A new aspect is the request for UNCTAD technical assistance to be provided to developing countries in the process of the Uruguay Round negotiations on trade in shipping services.

(continued from page 11)

visions, the United Nations can make a unique contribution towards global consistency among economic policies, as well as to a constructive interrelationship between political, economic, social and environmental policies. These issues of consistency are naturally of concern to UNCTAD but they are central to the functions entrusted to ECOSOC under the authority of the General Assembly, and must not be lost sight of in the revitalization effort currently under way."

PUBLICATIONS

- Assistance to the Palestinian people: Recent economic developments in the occupied Palestinian territory (TD/B/1266)
- Sustainable development and UNCTAD activities (TD/B/1267)
- Transfer and development of technology in developing countries: A compendium of policy issues (UNCTAD/ITP/TEC/4)
- The diffusion of electronics technologies in the capital goods sector in some developing countries, by Charles Edquist and Staffan Jacobsson in co-operation with the UNCTAD secretariat (UNCTAD/ITP/TEC/10)
- Structural adjustment issues in the world economy (UNCTAD/ITP/25)
- Trade policies, investment and economic performance of developing countries in the 1980s (UNCTAD/ITP/30)
- Designing effective approaches to eliminate the use of coercive economic measures against developing countries, by Barry E. Carter (UNCTAD/ITP/31)
- The role of international collaboration arrangements in developing countries' exports of manufactures (UNCTAD/ITP/32)
- Multinational enterprises of Sub-Saharan Africa: Analytical summary, by Alfredo Castillo Gomez (UNCTAD/ECDC/201)
- Aid co-ordination and effectiveness: least developed countries 1981-1989, by Devendra Raj Panday and Maurice Williams (UNCLDC II/4)
- Report of the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations held from 25 to 29 June 1990 (A/CONF.147/5–TD/B/AC.46/4)
- Port development: The role of UNCTAD (TD/B/C.4/AC.7/7)
- Development and improvement of ports: Co-operation among ports in developing countries (TD/B/C.4/AC.7/8)
- Development and improvement of ports: Maintenance of port equipment (TD/B/C.4/AC.7/9)
- Development and improvement of ports: Guidelines for port managers on the use of computers (TD/B/C.4/AC.7/11)
- Charter parties: A comparative analysis (TD/B/C.4/ISL/55)
- Review of the current situation and outlook for iron ore–1990 (TD/B/C.1/IRON.ORE/2)
- Review of iron ore statistics: Iron ore statistics–1980-1989 (TD/B/C.1/IRON.ORE/3)
- Annotated bibliography on iron ore–1990 (TD/B/C.1/IRON ORE/4)
- Terms of Reference of the International Tin Study Group (TD/TIN.7/15)
- Terms of Reference of the International Copper Study Group (TD/COPPER/15)
- Review of all aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices: Technical assistance, advisory and training programmes on restrictive business practices (TD/RBP/CONF.3/4)
- Adequate financial resources for diversification: Financial resources for diversification projects and programmes (TD/B/C.1/AC/12)

Addition to the Discussion Paper Series

- Notes on a possible multilateral framework for international trade in banking services (UNCTAD/OSG/DP/28)

Sales Publications

- The Least Developed Countries 1989 Report (Sales No. E.90.II.D.4, price US$60)
- Handbook of international trade and development statistics, 1989 (Sales No. E/F.90.II.D.1, price US$78)
- Trade and Development Report, 1990 (Sales No. E.90.II.D.6, price US$40)

UNCTAD documents are available for reference at all United Nations Information Centres and at depository libraries for United Nations publications. The yearly subscription for all mimeographed UNCTAD documents is US$250 including postage. Requests for such subscriptions as well as orders for individual sales publications should be addressed to: United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland.

FORTHCOMING UNCTAD MEETINGS

- ***October***
  22-24
  Intergovernmental Group of Experts on Iron Ore
  (Geneva, fourth session)

  22-30
  Working Group on International Shipping Legislation
  (Geneva, twelfth session)

- ***November***
  5-9
  Working Party on Diversification, Processing, Marketing and Distribution, including Transportation
  (Geneva, third session)

  12-20
  Committee on Commodities
  (Geneva, fourteenth session)

  26-7 December
  Second United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices
  (Geneva)

- ***December***
  10-14
  Committee on Tungsten
  (Geneva, twenty-second session)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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- Training Activities in 1990
- Reviews on Capital and Intermediate Goods' Availability in Debtor Countries; Uruguay Round Issues; the Republic of Korea's Financial Reforms; NGOs Directory; Joint Ventures and Technology Transfer
- Notes on UNCTAD VIII; UNCTAD-NGO Consultation; Trade Promotion Workshop; Iron Ore Expert Group

UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

As announced elsewhere in this issue, the stage is now set for UNCTAD VIII which is expected to focus the attention of governments on the prospects for trade expansion and sustainable development in the interdependent world of the 1990s. For the last four years, attention has centred on the Uruguay Round. The outcome of the Round (still uncertain as we go to press) will influence the content and perhaps the institutional framework of multilateral co-operation for development in the coming years. Meeting at Punta del Este where the Round itself was launched, UNCTAD VIII will provide governments with a timely opportunity to assess that outcome in a development perspective and decide how to move ahead.

The outlines of the post-Round agenda are already being defined by the rapidly growing linkages between trade, technology and finance and their interaction with the natural environment. The globalization of corporate activity, for example, heightens the need for international arrangements to ensure that transnational corporate dynamics produce genuine competition, improve the dissemination and absorption of environmentally-sound technologies and contribute to sustainable development in all countries. It is specially important to counter the marginalization of those parts of the world economy which tend to be by-passed by transnational networks and investment flows. UNCTAD VIII will provide a framework for action to respond to these concerns. The explicit attention it will pay to technology and services, leading edges of transnational activity, is opportune.

The international economic agenda for the 1990s is also being shaped by political phenomena. The post-Cold-War era has opened new vistas for East-West economic co-operation and boosted European integration. A more-or-less coherent North is in the making, a prospect viewed with mixed feelings from the South. The potential for beneficial co-operation is evident; so are the risks of introversion. The multilateral system must adapt to this evolution and ensure that it contributes to the dynamism of the whole global community. This concern, too, will permeate the Punta del Este Conference.

While these are global concerns, calling for concerted approaches, the national level of policy-making, notably the performance of governments in providing frameworks for the functioning of economic forces and for the achievement of people's aspirations, will also come under scrutiny at UNCTAD VIII. Yet, the global and national levels are linked: the good governance of the global economy must be founded on sound national policies. The Conference agenda recognizes this linkage, calling on developed and developing countries alike to adopt sound policies, domestic and external, designed to achieve a more efficient use of human and economic resources as well as a more favourable world economic environment.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 166 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

The "UNCTAD Bulletin" is published six times a year in English and French for public information. It is not an official record. Material may be freely quoted or reprinted, but acknowledgement is requested. The Bulletin may be obtained free of charge from the Policy Development and Communication Service of UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland. Tel.: (4122) 734 60 11, ext. 5716/4085; Telex 41 29 62; Fax 733 65 42.
Michael C. Bonello, Editor

TECHNICAL CO-OPERATION AND THE SHIPPING INDUSTRY

A large share of the external trade of developing countries is carried by sea. The supply of shipping and related services as well as the prices at which they are offered are, therefore, of considerable importance to these countries. Since most of the world shipping tonnage has traditionally been owned and operated by developed countries, however, developing countries have had to rely on foreign companies to carry their trade *(see box)*. As a result, large deficits have appeared in the transportation account of their balance of payments. An important task of the UNCTAD Committee on Shipping has consequently been to negotiate improvements in the structure and practices of the world shipping industry so as to take better into account the specific interests of the developing countries.

Maritime Transport Highlights 1989

- International seaborne trade increased for the fourth consecutive year in 1989 by 5.5 per cent to 3.9 billion tons. Total ton-miles also rose, by over 6 per cent, to 16.2 billion.
- New ship deliveries rose, broken up tonnage decreased even more and by mid-year the world merchant fleet had grown further to 638 million deadweight tons. The average age of merchant ships edged up to 13 years.
- Though developing countries generated nearly 48 per cent of world trade in 1989, their share of the world merchant fleet tonnage (excluding open-registry countries) was only 21 per cent. Greece, Japan, the United States and the USSR controlled 50 per cent.
- The overall balance between supply and demand continued to improve in 1989 as only 11.5 per cent of the active world fleet was estimated to be in surplus, down from more than 15 per cent in 1988.
- Freight rate levels increased again in 1989, particularly in the tanker sector, suggesting a further rise in global freight payments. The latter had already reached a ten-year record high in 1988 at US$139.4 billion.

These and other recent trends are discussed in the *Review of Maritime Transport, 1989* just published.

ACTIVITIES

This fifth article in the current series on UNCTAD's technical co-operation deals with the activities undertaken in order to facilitate the implementation of the agreements that have been negotiated in this field over the years. These activities cover a wide range of economic, administrative, operational and legal aspects of shipping, ports and multimodal transport. They consist of national, regional and interregional projects which are undertaken either by UNCTAD alone or in collaboration with other United Nations organizations such as the International Maritime Organization (IMO), the International Labour Organisation (ILO) and the United Nations Regional Economic Commissions. These projects are mainly funded by UNDP and/or by individual donor countries through funds-in-trust. In 1989 a total of 46 projects were executed by the UNCTAD Shipping Division at a total cost of US$ 3.6 million.

Training, in the form of seminars, workshops, fellowships and study tours occupies a large part of the technical co-operation programme. The main component is TRAINMAR which aims at strengthening local training institutions through a systematic assessment of requirements, preparation of course material, training of course developers and instructors and the promotion of co-operation among training institutions. A total of 42 centres were co-operating with TRAINMAR in 1989. Another programme is JOBMAR which promotes the transfer of management technology from advanced maritime nations to developing countries through the mechanism of on-the-job training. Other training activities are described under individual programme areas.

Merchant Fleet Development

The main objective in this area is to increase developing country ownership and operation of merchant shipping. By mid-1989, only about 21 per cent of the world fleet was registered in developing countries, excluding open-registry countries. The development of national merchant marines helps to promote a country's exports, improve the balance of payments through earning and/or saving foreign exchange, influence the fixing of liner freight rates, diversify economic activities and create employment opportunities.

Within UNCTAD the promotion of merchant fleet development in developing countries has

been pursued in a variety of ways. In 1974 member States adopted the United Nations Convention on a Code of Conduct for Liner Conferences, whose provisions deal with the rights of national shipping lines to be admitted to liner conferences serving their countries' foreign trade, the participation by national lines which are conference members in the trade carried by conferences, and trade sharing arrangements. The United Nations Convention on Conditions for Ship Registration followed in 1986 with its main purpose the reduction of the adverse effects of the system of open registries or flags of convenience.

Over the years, moreover, resolutions have been adopted which recognize the right of developing countries to equitable participation in the transportation of bulk cargoes, and member States have been urged to make more finance available to developing countries on favourable credit terms for the acquisition of ships. Finally, the problem of imbalance between supply and demand in world shipping has been examined in UNCTAD in order to determine solutions to the problem on a global basis. The existence of substantial overcapacity tends to increase competition in the supply of shipping services, and shipping companies of developing countries, many of which are young and small, may not be able to cope adequately with such competition.

In order to help implement these measures, technical co-operation has been provided through various projects including the undertaking of ship investment feasibility studies; improving shipping company management through the training of personnel; and advice provided by UNCTAD consultants to individual shipping companies in developing countries.

Protection of Shippers' Interests

The framework within which technical co-operation is carried out in this area consists primarily of the Liner Code of Conduct which requires that liner conferences consult with shippers in fixing freight rates and conditions of service, and that the conferences should produce acceptable evidence to justify rate increases. The Code also establishes machinery for a system of mandatory dispute settlement between shippers and conferences based on conciliation. Other guidelines consist of recommendations to shippers on the rationalization of cargo presentation in order to reduce costs, on better control of cargo shipment arrangements and on the use of suitable terms of shipment. Finally, the UNCTAD secretariat has undertaken studies on such topics as the effectiveness of consultations between shippers and shipowners, the impact of freight costs on trade, and on methods used by shipping lines to fix freight rates and surcharges. These studies serve as pointers for action which can be taken to stabilize or reduce ocean transport costs.

Against this background, technical co-operation has taken the form of assistance in the establishment of consultation machinery, including shippers' councils and shipping investigation units; the setting up of shipping data banks; and advice to shippers on how to conduct consultations with liner conferences or shipping lines on matters of freight rates and other conditions of service.

Port Development

The availability of efficiently operated sea ports is essential for developing countries because of their heavy reliance on maritime transport. Ports are also an important source of employment and generate foreign exchange from the services they provide to foreign shipping companies. Inefficient ports tend to produce congestion and delays resulting in increased operating costs, especially for cargo handling, and these in turn are in large part reflected in freight rates. The improvement of ports, therefore, can make an important contribution towards an overall reduction in freight rates. Ports can also become distribution centres offering services such as warehousing, minor transformations, packaging and labelling.

UNCTAD's work in this area has focused on studies and operational activities designed to improve port performance. Subjects covered include the optimization of port development and operations, the collection and presentation of port statistics, the identification and elimination of bottlenecks to higher berth throughputs, systems of port pricing, appraisal of port investments, principles of port planning, equipment maintenance, port financing, bulk terminals, computerization and trans-shipment.

Technical co-operation and training have been provided in the above areas to individual developing countries and also through regional and subregional projects. Advisory services are offered in port administration, planning and operation. Increasingly these projects have involved the improvement of facilities and services to meet the rapid changes currently taking place in shipping and cargo-handling technology. Over the years a large number of senior port managers have participated in port management courses conducted by the UNCTAD secretariat. More recently, attention has also been given to training middle management. Under the Improvement of Port Performance (IPP) project funded by the Swedish International Develop-

ment Authority, a number of courses have been developed covering management of general cargo operations, development policy for container terminals and the management and maintenance of port equipment. The secretariat has also been assisting several governments of developing countries in establishing local training institutes and offering training for local instructors.

Multimodal Transport and Technological Development

Multimodal transport is the carriage of goods by at least two different modes of transport on the basis of a single contract. It is undertaken by an operator who, as a principal, concludes the contract regardless of who actually transports the goods. With the widespread use of containers these concepts have gained importance. Their implementation requires structural changes in transport practices and in legal, documentary and customs procedures.

The combination of several individual modes of transport also involves reconciling different legal regimes, resulting in a lack of transparency and poor protection of shippers' interests. To overcome this problem and to create a measure of uniformity in multimodal transport, the Convention on International Multimodal Transport of Goods was adopted in 1980. The Convention recognizes the right of each State to regulate and control multimodal transport operations at the national level, and stresses that consultations should be held between operators, shippers and national authorities, especially on terms and conditions of service.

Since multimodal transport activities are dominated by developed-country operators, UNCTAD has aimed at increasing the participation of operators from developing countries in multimodal transport, particularly since this would also result in foreign exchange earnings/savings for the countries concerned. Technical co-operation in this area includes advice and training in such activities as the creation of trade and transport facilitation committees; the modernization and harmonization of national transport legislation; and the formulation of regulations to promote the development of multimodal transport. Feasibility studies on inland clearance depots, on the design of national policies as well as on investment plans which would facilitate the introduction and/or expansion of multimodal transport are also undertaken. Moreover, a number of workshops have been conducted in order to promote the concept of multimodal transport. These workshops have been designed according to the TRAINMAR methodology of developing training material for delivery in developing countries and creating local training capability. Furthermore, a project called MULTISHIP has been established which is designed to develop and disseminate software programmes developed by UNCTAD and intended to facilitate the decision-making process in shipping companies engaged in multimodal transport operations.

Audiovisual materials used for the training course on the Management of General Cargo Operations

International Shipping Legislation

UNCTAD's involvement with international maritime legislation started in the late 1960s when the Working Group on International Shipping Legislation was created. Its central objective was to review economic and commercial aspects of international laws and practices in the field of shipping from the standpoint of their conformity with the needs of developing countries, and particularly in such areas as bills of lading, charter parties, limitations of shipowners' liability and marine insurance.

The Group's work on bills of lading, in co-operation with the United Nations Commission on International Trade Law (UNCITRAL) led to the formulation of the United Nations Convention on the Carriage of Goods by Sea (the Hamburg Rules). These Rules provide for an increase in the level of liability of carriers by sea regarding loss and damage to goods. They also embody other changes, including a rise in the monetary limitations of the carrier's liability, with the result that a more equitable legal regime governing the rights and obligations of both shipowners and shippers is established.

In recent years the Group has also given consideration to maritime liens and mortgages and to the arrest of vessels and other appropriate enforcement procedures. Moreover, it has carried out an investigation of maritime fraud, including piracy, and studied marine insurance. With regard to the latter, the Group has formulated a set of standard clauses for marine cargo and hull insurance as a non-mandatory international model. This work is expected to harmonize the operation of international marine insurance and achieve a simpler and more equitable insurance system.

In pursuance of the objectives of the Working Group, technical co-operation has been provided through advice on the preparation of national maritime codes, on bills of lading, charter parties and other contracts of affreightment and marine insurance.

Economic Co-operation among Developing Countries

Developing countries recognize that co-operation among themselves is an important means of increasing their participation in world shipping. An Intergovernmental Group of Senior Officials met in September 1987 and made a number of recommendations on areas of possible co-operation in the field of shipping, ports and multimodal transport. This was followed by a Group of Experts convened in 1989 to propose an appropriate framework and modalities of co-operation in the field of shipping services. To a large extent many of the technical assistance projects described in this article, particularly those executed as regional or subregional projects, contain elements of co-operation between the participating countries.

BOARD SESSION PRODUCES ENCOURAGING RESULTS

At the conclusion of the autumn session on 17 October delegates to the Trade and Development Board had much to show for their deliberations. In addition to adopting the agenda for UNCTAD VIII *(see page 14)*, the Board agreed on texts in the areas of sustainable development, interdependence and debt. On the first item, the Board decided that the objective of sustainable development should be incorporated into the work of all intergovernmental meetings in UNCTAD, as well as into the secretariat's analytical work. This watershed decision is based upon the consideration that an integrated perspective of both environment and development is crucial to make headway in efforts to achieve sustainable development and to tackle the root causes of poverty and environmental degradation. In this context, the Board encouraged continued UNCTAD co-operation with the secretariat of the United Nations Conference on Environment and Development (UNCED), to be held in Brazil in June 1992.

As regards the Board's resolution on interdependence, it is widely acknowledged to be the most detailed substantive statement on this topic since UNCTAD VII. It addresses the main current concerns regarding the world economy and international economic relations. It strikes a balance between the need for effective and efficient structural adjustment efforts by all countries and the need for additional finance to support the efforts of developing countries. An innovation in this respect is the expressed need for all countries to raise their level of savings in response to global finance needs.

Finally, the resolution on debt takes full account of recent important initiatives by creditors and of the wide range of analyses available on the subject. While the language conforms to the broad framework of the current debt strategy, it also recognizes the need for intensified action on debt-related issues involving all categories of debt and debtors. Rather than alter the course of the debt stategy, therefore, it seeks to accelerate and build upon the current process.

Outcome Favourably Assessed

All Board members expressed satisfaction with the results of the session. Mr. Alioune Sene, Senegal, on behalf of the Group of 77, said that the Board had developed the political momentum for UNCTAD VIII through consensus and expressed the conviction that the Conference would "result in a strengthened role for this institution which we value so much".
Mr. Werner Reichenbaum, Germany, co-ordinator of the developed market-economy countries, saw in the Board results an indication that "UNCTAD has the potential to regain strength and live up to its destiny, that is [of being] the most important forum for a meaningful dialogue between developed and developing countries." He trusted that UNCTAD VIII would be a milestone in this regard. Mr. Vladimir Pankov, USSR, on behalf of Group D, said that the Board's positive results would strengthen UNCTAD's mandate. Satisfaction with the Board's work was also expressed by the representative of China.

APPOINTMENT OF DEPUTY TO SECRETARY-GENERAL

On 5 November 1990, Mr. Carlos Fortin, Chile, took office as Deputy to the Secretary-General of UNCTAD and Director of the Commodities Division. A graduate of the Universities of Chile and Yale, Mr. Fortin has had a distinguished professional and academic career. From 1971 to 1973 he was Head of the European Bureau of the Chilean Copper Corporation and Chilean Representative to the Intergovernmental Council of Copper Exporting Countries. Later Mr. Fortin worked with the Institute of Development Studies at the University of Sussex where, after a five-year fellowship, he was appointed Deputy Director of the Institute (1979-1985) and subsequently Chairman of the Research Committee (1986-1988). More recently Mr. Fortin has been Director of Programmes of the South Commission in Geneva, where he co-ordinated the preparation of its report entitled *The Challenge to the South*. Mr. Fortin is the author of several articles and monographs on the international political economy of commodities and on the role of the state in economic development.

Carlos Fortin

TOWARDS INCREASED COMPETITION IN WORLD TRADE

This article reviews some of the major issues relating to competition in international trade which were addressed by a recent United Nations conference.[1] It does so against the background of important changes in the world economy which are creating the premises for an expansion of trade through the unleashing of competitive forces.

A More Competitive World Environment

A major feature of these changes is the emerging consensus about the role of the market as a mechanism for determining economic choices and resource allocation. The market-liberalizing trend began some ten years ago in the developed market economies, from where it then spread to other countries. Deregulation, as it was called, has opened up numerous markets such as telecommunications; air, sea and road transport; utilities; insurance; and banking and finance activities. In some cases deregulation was accompanied by privatization.

Several developing countries have since adopted adjustment programmes which envisage a greater role for market forces in setting prices, the dismantling of protection and subsidies as well as of State monopolies and, in some cases, privatization of public enterprises. Many of them are now more open to foreign competition, having lowered trade barriers and relaxed foreign investment rules. Developments in Eastern Europe have added considerable momentum to this trend. Moreover, proposals in the Uruguay Round to liberalize international trade in services and to negotiate agreements on trade-related investment measures and intellectual property rights could revolutionize the competitive situation for goods and services world-wide.

Finally, the approaching 1992 deadline for the Single European Market is also having a profound impact on enterprise behaviour. Within Community member countries, the prospect of 1992 has induced enterprise restructuring, including mergers and acquisitions, aimed at better positioning firms with respect to the enlarged market. Among non-members, the fear of a "Fortress Europe" has resulted in a strong attraction for neighbouring States to become members, and, for those countries which cannot aspire to membership, in an impetus for the cre-

[1] *The United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices took place in Geneva from 26 November-7 December 1990.*

ation of new trading blocs, such as the United States-Canada Free Trade Area. In addition, enterprises from non-member countries have long decided to cross borders and integrate with the emerging blocs, and enterprises everywhere are striving to reach the critical size necessary to be able to compete on global markets.

Advantages and Dangers of Competition for Developing Countries

This general trend towards increased competition entails both advantages and disadvantages. The potential advantages of competition are basically threefold. First, it acts as a powerful incentive for enterprises to become more efficient. Second, it spurs research and development and innovation, and hence accelerates economic development. Third, more rapid technical progress, better price/quality ratios and a wider choice for consumers make for greater social welfare.

Competition is not without its dangers, however, especially for developing countries. In the first place, much depends on the meaning given to the word. It is too often confused with total freedom of the market, a situation which can, on the contrary, lead to a concentration of market power through the gradual elimination of competition. This can happen, for example, when small and medium-sized enterprises (SMEs) face competition from much larger firms. In such cases, therefore, a measure of protection is justified. In fact, competition legislation in many countries allows SMEs to join forces, thus creating countervailing market power *vis-à-vis* larger firms. Similarly, certain mergers and takeovers are authorized which, although they increase concentration ratios in certain sectors, make it possible for smaller firms to compete with larger ones.

Another case is that of infant industries in developing countries where protection from competition might be temporarily necessary to allow new firms to achieve economies of scale and improve their position in the market. Competition can also be distorted by rapid technological change and by conditions attached to licensing arrangements which might hamper the development of smaller firms, for example, licensees in developing countries. Finally, when a few large corporations compete on world markets the natural barriers to entry for newcomers, particularly from developing countries, may be raised so high that the latter are excluded.

Anti-competitive Behaviour of Enterprises

The advantages inherent in a monopoly situation can induce enterprises to attempt to minimize competition in their particular market. Two main types of action are often resorted to in pursuit of this objective. First, if there are only a few suppliers of similar or identical goods or services, they might fix prices and set identical conditions of sale, allocate markets among themselves and co-operate to eliminate eventual newcomers. These are often called horizontal restrictive business practices (RBPs), or cartel arrangements. Cartels can aim at monopolizing the domestic market, imports, exports, or even world markets.

Second, there might be a single seller, or one enterprise among a few smaller ones which thus dominates the market. Such firms can abuse their position by using so-called vertical RBPs. These are agreements between enterprises at different levels of the production-distribution chain, for example between a manufacturer and its wholesaler and/or retailers. Pressure can be applied at either end of the chain depending on who enjoys a dominant position. Vertical RBPs include refusals to deal or threats thereof, resale price maintenance, tied-selling, exclusive dealing and predatory pricing.

Concentration of market power through mergers, acquisitions and other forms of partnership such as joint ventures or cross-ownership shareholdings can also result in the creation and abuse of dominant positions of market power. Therefore, they might also be considered as conducive to RBPs and are often prohibited by competition legislation.

All the practices described above can adversely affect trade and development. Cartel-type agreements, even when limited to domestic markets, act as an additional impediment to imports, whenever they restrict access to the domestic territory. The same is true of import cartels. Export and international cartels are aimed at distorting foreign trade to the benefit of the members of the agreement.

Similarly with vertical RBPs. Resale price maintenance, for example, is often used to impose the highest prices a given market can bear. Tied-selling forces buyers to purchase goods or services they do not need in order to obtain those they need. Exclusive dealing and refusal to deal practices force purchasers to comply with unfair practices, resulting in worse terms and higher prices. Predatory pricing, i.e. the fixing of very low prices, like dumping, aims at eliminating competitors. All these practices can, therefore, distort trade and be extremely damaging to development, in particular of weaker trading partners such as low-income developing countries. Moreover, given the "cross-border" character of many RBPs, remedial action through national legislation only is often difficult and sometimes impossible.

Action Needed at National and International Levels

In order to come to grips with restrictive business practices affecting international trade, mutually reinforcing action is needed at both national and international levels. This was well understood by the negotiators who, in 1980, adopted the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, UNCTAD's code of conduct on RBPs. At the national level, the enforcement of RBP control legislation should result in greater competition and enterprise efficiency. The liberalizing trends described above provide strong incentives in this regard. It is essential, however, that competition be preserved in the newly deregulated markets, and that State monopolies not be replaced by private ones. Moreover, national efforts need to be supplemented with international measures, in particular for the detection and effective control of RBPs originating abroad. Improved transparency, in particular through exchanges of information among countries, is an important means of promoting competition at the enterprise level. Established consultation procedures in case of trade disputes of a competitive nature are also necessary to resolve problems between countries.

Multilateral Efforts to Control RBPs

Most developed market-economy countries have a long-standing experience of competition policy: this includes RBP legislation and the necessary judicial and administrative systems for its implementation. Developing countries, however, as well as East European countries which have recently adopted market-oriented economic reforms, lack such experience. The success of such reforms, however, depends considerably upon the existence of competition legislation and of a supportive institutional framework. Countries are indeed enjoined to adopt such policies by the Set of Principles and Rules.

At present, the UNCTAD secretariat is faced with an unprecedented demand from developing countries for technical co-operation in the area of RBPs. The Review Conference was expected to consider the secretariat's plans to respond to these requests through a wide range of activities. It was also expected to provide a basis for improvements in two specific areas of RBPs which were identified in the Final Act of UNCTAD VII: improving transparency and defining consultation procedures. In its documentation for the Conference, the UNCTAD secretariat advanced some proposals in this respect. The decisions taken by the Conference on these issues will be reported in the next issue of the *Bulletin*.

COMMODITIES: OLD CONCERNS PERSIST, NEW ONES EMERGE

The commodity market situation today is characterized by the persistence of traditional concerns and the emergence of new ones. This situation is likely to be compounded by the poor short-term prospects for many commodities of major importance for developing countries. These prospects are overshadowed by such factors as the Persian Gulf crisis; the continuing slow rates of economic growth, particularly in the industrialized countries; the difficulty of predicting the implications of the reform process in Eastern Europe; and by the impact of debt burdens on both commodity imports and exports. Against this background, the twin objectives of integrating the commodity sector more fully into the overall development strategy of commodity-dependent countries and of diversifying their economies assume paramount importance. This article reviews some of the major problems confronting commodity exporters and examines some of the options which might be pursued.[1]

Persistence of Traditional Concerns

Many of the concerns that have been voiced in the past are still valid today. Prices for many commodities remain depressed. In the case of certain commodities such as cocoa and coffee, which are of key export interest to developing countries, particularly in Africa, prices are at their historically lowest levels. Many developing countries continue to experience large shortfalls in their commodity export earnings as a result of price instability. Furthermore, commodities are often still exported in their raw form. There is also a tendency towards structural over-supply for many commodities, both tropical and temperate-zone. The latter is partly attributable to policies that are geared to specific national circumstances, including the support of farm incomes in developed countries and debt-servicing pressures in developing countries, and which often tend to ignore the international market situation.

Another persistent problem is the secular decline in the demand for natural raw materials. Substitution between natural products and synthetics or among natural products continues under the impact of innovations in material science. Its pace and direction are determined, to an important extent, by the inherent characteristics of

[1] *This article draws on recent studies prepared by the UNCTAD secretariat, viz. Review of the commodity situation and outlook (TD/B/C.1/309); The improvement of information flows to aid investment decisions (TD/B/C.1/AC/11), and Adequate financial resources for diversification (TD/B/C.1/AC/12).*

the competing materials and their prices. The qualities of many commodities, however, may be improved or new uses devised through research. Thus commodity producers have the means, albeit often a costly one, to respond to the substitution trend. In this respect the increasing environmental consciousness in consuming countries could, if properly channelled, provide a boost to the demand for natural or environmentally friendly products.

New Concerns Emerge

The demand for commodities in developed countries is increasingly influenced by factors other than economic growth and the advance of synthetic materials. These include social factors such as fashions and the age structure of the population; health and environmental concerns; as well as policies which affect the location of agricultural or industrial production.

Another new concern is the growing contribution of high-yielding varieties and improved production techniques to chronic oversupply. Advances in biotechnology and genetic engineering in the agricultural sector have enabled producers, particularly new entrants, to attain high yields and relatively low production costs. Since the traditional suppliers find it difficult to diversify, and are under pressure to produce more of their traditional crops to meet debt-servicing obligations, the oversupply situation is exacerbated, prices fall further and even new entrants can barely recover their production costs. Biotechnology and genetic engineering create a further problem, since they open up possibilities for producing tropical crops in temperate climates. This may, in the long run, reduce or eliminate the importance of the climatic factor in obtaining certain flavours, for example, in the case of tea, cocoa and coffee.

Agricultural production and trade policies of developed countries involving high levels of support for domestic producers are a further source of concern. They limit market opportunities for efficient developing country producers and also, by generating exportable surpluses, discourage food production for domestic consumption in many developing countries since cheap imports are available. These policies of developed countries have contributed to budgetary burdens in these same countries, and have also had detrimental consequences for the environment. Should the Uruguay Round result in lower support levels, new opportunities for food-exporting developing countries would be created. This prospect highlights the importance of regional co-operation and the need for such countries to improve their marketing services.

Necessary Conditions for Diversification

The combination of so many sources of uncertainty with the phenomenon of high commodity dependency–108 developing countries depend on commodities (including fuels) for over half of their export earnings, and 88 of them for more than 70 per cent–constrains the ability of these countries to adjust to market realities, for example by increasing the linkages between the commodity sector and the rest of the economy and by diversifying into other economic activities. And yet it is clear that, though price stabilization and compensatory finance can alleviate the short-term negative effects of commodity export dependence, the long-term solution can only be found in diversification. Moreover, if developing countries are to make rapid and sustained economic progress, the process of diversification has to be accelerated.

For this objective to be achieved, a number of conditions would have to be satisfied. These relate to such matters as the identification of appropriate sectors, market access conditions, technical assistance, the improvement of information flows to aid investment decisions, and the provision of adequate financial resources for diversification. The UNCTAD Working Party on Diversification, Processing, Marketing and Distribution, including Transportation, which met in November, reached some conclusions in this regard. It noted that while one third of the 86 developing countries studied had reduced their dependence on commodity export earnings during 1967-1986, two thirds remained heavily dependent; indeed, half of the latter had even experienced an increased reliance on one or two major commodities. Diversification within and out of the commodity sector has occurred principally in those countries already possessing a more diversified economic base.

Diversification within the commodity sector – production of rubber sheeting (Photo ILO)

UNCTAD TECHNICAL CO-OPERATION TRAINING ACTIVITIES, 1990

Field of activity	Number of Seminars/Courses/Workshops[1]				
	National	Regional	Inter-regional	Others	Total
Generalized System of Preferences (GSP)[2]	28	6		3	37
Restrictive Business Practices (RBPs)[2]	2	3			5
Software for Market Analysis and Restrictions on Trade (SMART)[2]	9	4		2	15
Uruguay Round[2]	17	8	2	6	33
TRIMs, TRIPs and Services[3]		3	2	1	6
Insurance		5	1		6
Commodities			3		3
Trade Facilitation Programme and Automated System for Customs Data (ASYCUDA)[4]	2	6	1	1	10
Special Programme for Land-locked and Island Developing Countries	1	4			5
Shipping[5]	7	12	1	2	22
Debt Management	1				1
Trade with Countries in Eastern Europe	1	1	1		3
Total	68	52	11	15	146

[1] *Including those planned for November-December 1990. An estimated total of 3,500 persons participated in these activities.*

[2] *For an account of technical co-operation in this field see, UNCTAD Bulletin, September-October 1990.*

[3] *TRIMs stands for Trade-related Investment Measures, TRIPs for Trade-related Intellectual Property Rights.*

[4] *See, UNCTAD Bulletin, May-June 1990.*

[5] *See article on page 3 of this issue.*

The UNCTAD secretariat's analysis underlines the critical importance of the financial issue. It points out that the ability of developing countries to attract financial assistance for diversification depends not only on the adoption of an appropriate investment code, but is also linked to a country's natural resource endowments and the size of its domestic market. The importance of infrastructure and provision of related support services is also underlined. As a result, the highly commodity-dependent, low-income countries, which are unlikely to meet these criteria but whose need to reduce their commodity dependence is perhaps the greatest, can attract only limited financial resources for diversification. Indeed, in the 1980s the majority of commodity-dependent developing countries have had to rely on assistance from bilateral donors and international financial institutions for a substantial part of their investments. In this regard the secretariat's analysis suggests that future assistance by the international community should focus on creating a favourable domestic environment and elaborating diversification programmes. It should also help to identify projects which would be attractive to foreign investors.

With respect to information flows to aid investment decisions, the secretariat has identified some major gaps. Effective diversification programmes can only be drawn up after natural resource endowments have been assessed and enterprises can only be attracted if they have access to basic information on such matters as fiscal and foreign exchange regulations, the availability of government assistance, characteristics of market structures, and the competitive environment. On the other hand, it appears that information necessary for a preliminary identification of investment opportunities for export is generally available to potential investors. There is, however, a need for co-ordination among different sources in order to organize and disseminate this information. Assistance is also required

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REVIEWS

AVAILABILITY OF INTERMEDIATE AND CAPITAL GOODS IN IMPORT-RESTRAINED DEBTOR COUNTRIES

Jesko Hentschel
UNCTAD Discussion Paper–No. 29, April 1990

This *Discussion Paper* examines the consequences of payments crises and foreign exchange shortages in 21 developing countries for the availability of imported capital and intermediate goods. It finds that most countries were able to ease the impact of import cuts of intermediate goods by assigning priority to such goods in the allocation of foreign exchange and by shifting the production pattern in the manufacturing sector in favour of intermediate inputs. By contrast, import cuts resulted in sharp drops in the availability of machinery and equipment, as only a few countries commanded the resources and skills necessary to substitute imported capital goods. Most of the economies studied in the *Paper* were highly dependent on foreign sources of supply for capital stock formation before the debt crisis. Consequently, output decline, which went hand in hand with the import compression, fell mostly on domestic capital goods production. As a result, investment rates fell sharply, substantially endangering future growth and development prospects.

A few countries, however, were found to have a much higher degree of self-sufficiency and independence than others in the supply of capital and intermediate goods. In such cases it is difficult to attribute the decline of domestic production to supply disturbances stemming from foreign exchange shortages. These economies were also characterized by high inflation rates and uncertainty, which affected the demand for investment and in turn depressed domestic production of capital goods.

URUGUAY ROUND: FURTHER PAPERS ON SELECTED ISSUES

UNCTAD/ITP/42

Published as part of the UNCTAD/UNDP Project of Technical Assistance to Developing Countries for Multilateral Trade Negotiations, this volume is a sequel to *Uruguay Round: Papers on Selected Issues*, published last year, and is aimed at helping developing countries identify their objectives in relation to the Round. The studies contained in the volume, produced by members of the UNCTAD secretariat as well as consultants, can be divided into two groups: the first addresses some issues directly related to the Uruguay Round, while the second group covers topics connected with the multilateral trading system, and in particular how this latest attempt at restructuring the system is likely to affect the developing countries.

The studies contained in the volume are the following:

- *Proposals for Reforming GATT Rules and Disciplines on Agriculture in the Uruguay Round: Implications for and Needs of Developing Countries*, Rosine M. Plank
- *TRIMs, Development Aspects and the General Agreement*, Hardeep Puri and Delfino Bondad
- *Trade-related Intellectual Property Rights: United States Trade Policy, Developing Countries and the Uruguay Round*, Von Grasstek Communications
- *Anti-competitive Practices in the Services Sector*, Philippe Brusick, Murray Gibbs, Mina Mashayekhi
- *Notes on a Possible Multilateral Framework for International Trade in Banking Services*, Andrew J. Cornford
- *EC Anti-Dumping Legislation and Practices*, Edmond McGovern
- *"1992", TRIMs and the Uruguay Round*, Rodney de C. Grey
- *Canada-United States Free Trade Agreement and its Impact on Developing Countries*, Peter Clark and Peter Burn

REPUBLIC OF KOREA'S FINANCIAL REFORM: WHAT ARE THE LESSONS?

Alice H. Amsden and Yoon-Dae Euh
UNCTAD Discussion Paper–No. 30, April 1990

This *Discussion Paper* examines financial policies in the Republic of Korea in relation to industrialization rather than macro-economic management, focusing primarily on the nature and effects of financial reforms in the 1980s. It starts with a review of these reforms, arguing that they were based on institution building rather than the price mechanism, and were a response to a steep increase in real interest rates and a drying-up of foreign credit as a source of finance for industrial expansion.

The *Paper* then examines the financial system in relation to industrial policy. It demonstrates that before the 1980s the system was oriented towards diversifying industry and pushing exports, and could best be described as tightly repressed. It included the provision of preferential

loans to targeted industries and exports from both domestic and external markets, and negative real lending rates. It was characterized by underdeveloped capital markets, insignificant equity finance and high debt-equity ratios in the corporate sector. By contrast policy shifted in the 1980s towards the provision of low-cost finance through the stock market and direct security issues.

The *Paper* goes on to make a critical assessment of the established view of financial reforms in the 1980s. The questions examined include: Was the big push into heavy industry the disaster it is portrayed to be, necessitating comprehensive structural adjustment programmes of which financial liberalization was a critical part? How should the efficiency of financial markets be measured in assessing the success of the liberalization? Is there a trade-off between liberalization and equity? Is liberalization necessary to raise the level of personal savings? The *Paper* concludes that the Republic of Korea has liberalized its financial system much less than Latin America largely because its economy was strong enough to withstand external pressures. This experience suggests a far more complex path of development than "getting the prices right".

DIRECTORY OF NON-GOVERNMENTAL DEVELOPMENT ORGANIZATIONS IN OECD MEMBER COUNTRIES

OECD, Paris, 1990

This new edition of the *Directory* provides concise information on the structure, aims, development education work and activities of 2,542 non-governmental organizations (NGOs) in the 24 OECD countries. It also contains comprehensive cross-referenced indexes which facilitate access to information on "who is doing what and where" in the development field. The reference material is preceded by a study which examines the qualitative contribution of NGOs to development co-operation in the 1980s. A conclusion that may be drawn is that these voluntary agencies have considerable experience with community programmes aimed at satisfying basic needs and achieving self-reliance, and are often in a better position than official bodies to reach target groups with their projects. It is not surprising, therefore, that NGOs have been accorded an increasingly prominent role in the development policies of OECD governments. One measure of this recognition is the fact that official contributions to NGO activities in 1988 amounted to US$2.3 billion, almost 5 per cent of OECD Official Development Assistance (ODA).

With its wealth of information, this *Directory* should be of great help to planners and decision-makers in the development field in identifying appropriate sources of aid. It should also facilitate contacts and improve co-operation among NGOs themselves.

Copies of the Directory may be obtained from all OECD Publications Distributors, price US$90.

JOINT VENTURES AS A CHANNEL FOR THE TRANSFER OF TECHNOLOGY

UNCTAD/ITP/TEC/9

This volume reproduces the 25 papers which served as a background for a Workshop organized in 1988 by UNCTAD in collaboration with the Chamber of Commerce and Industry and the Ministry of External Economic Relations of the USSR. The subjects discussed include: issues arising from the transfer of technology through joint ventures, such as valuation, confidentiality and intellectual property protection; the management of technology in joint ventures, e.g. research and development, patenting, licencing and quality control; factors affecting access to technology through joint ventures; and issues relating to the tax treatment of joint ventures, profit remittances and royalty payments and their effects on technology transfer. The papers are grouped under three headings, viz. Basic Issues and Foreign Partner Experiences; Legislation, Policies and Practice of Selected Developing Countries and China; and Recent Developments in the Law and Practice Relating to Joint Ventures in the USSR and Poland.

(continued from page 11)

in helping developing countries to digest and utilize effectively the data available to them. The UNCTAD secretariat has been requested to continue to develop a micro-computer-based commodity information and analysis system (MICAS) and also to provide information on industry and market structures for individual commodities of major export interest to developing countries. The Working Party agreed that work on diversification should continue and indicated areas for further research and other action by the secretariat as well as by international organizations and governments.

The Committee on Commodities, which met from 12-20 November, endorsed the Working Party's recommendations and identified topics to be explored further during the preparatory process for and at UNCTAD VIII.

NOTES

UNCTAD VIII IN PUNTA DEL ESTE

The eighth session of the United Nations Conference on Trade and Development (UNCTAD VIII) will be held in Punta del Este, Uruguay. The scheduled dates are 21 September-8 October 1991. The decision to organize UNCTAD VIII in Latin America conforms with the principle of rotation, according to which developing regions take turns in hosting the four-yearly meeting. The theme of the Conference agenda, which was unanimously agreed by UNCTAD's Trade and Development Board in October, will be *Strengthening national and international action and multilateral co-operation for a healthy, secure and equitable world economy*. Five specific areas have been singled out for consideration, viz., resources for development, international trade, technology, services and commodities. Referring to the agenda, the President of the Board, Mr. Jean-David Levitte, France, said that "[it] was an excellent compromise which augured well for the Conference, the major event [in 1991] in the North-South dialogue".

ANNUAL UNCTAD-NGO CONSULTATION

The Third UNCTAD-NGO Consultation, held from 1-3 November, focused on the general theme of *The International System in Transformation: Lessons since UNCTAD VII, Prospects for UNCTAD VIII*, and was structured around the following topics: Aspects of the current world scene, viz. results of the Paris Conference on the LDCS, the EEC single market, regional blocs and the Third World, and East-West, East-South and North-South co-operation; the impact of environmental awareness on international co-operation for development; and the Uruguay Round. The Consultation provided a good opportunity for the 63 NGOs, of which 11 were from developing countries, to be informed about recent developments in the world economy and their possible implications.

WORKSHOP ON TRADE PROMOTION

Under the auspices of the Malta Export Trade Corporation Ltd. (METCO), and with the collaboration of the International Trade Centre (ITC) and the United Nations Economic Commission for Europe, UNCTAD organized a National Workshop on Trade Promotion and Economic Co-operation between Malta and Countries in Eastern Europe on 23-25 October. The Workshop focused on how to expand Malta's trade relations with countries in Eastern Europe and, in particular, on identifying new opportunities resulting from the reforms under way in these countries. Participants included representatives of almost 40 Maltese companies, public and private institutions and banks and 18 officials from six countries in Eastern Europe.

The Workshop opened with country presentations on the respective economic reform programmes. Invited experts then gave their views on these reforms. This was followed by a discussion on privatization, foreign direct investment, joint ventures, trade laws and practices, payments arrangements and countertrade. The last day was devoted to bilateral consultations. Follow-up actions being considered include a study tour for Maltese exporters to Eastern Europe and a sub-regional workshop to examine the potential for expanding economic co-operation between the Mediterranean developing countries and countries in Eastern Europe.

Malta's Economic Affairs Minister welcomes participants

FAVOURABLE OUTLOOK FOR IRON ORE

Experts from 36 producer and consumer countries took part in the fourth session of the Intergovernmental Group of Experts on Iron Ore which met under UNCTAD auspices from 22-24 October. The active participation of industry experts—representatives of no fewer than 21 companies involved in the iron ore trade took part—marked a new approach in UNCTAD's work on individual commodities. During the meeting an analysis of the market situation was presented by Mr. D. F. Anderson, Director of Economic Affairs for the International Iron and Steel Institute. As for future prospects, the UNCTAD secretariat expects prices to remain at least at current levels given the close demand/supply balance. An important factor will be freight rates, which represent about one quarter of the iron ore price.

PUBLICATIONS

- Trade expansion among developing countries: Constraints and measures to overcome them (TD/B/1260)
- Interdependence of the problems of trade, development finance and the international monetary system (TD/B/1270)
- Review of the technical assistance activities of UNCTAD and their financing: Annual statistical up-date 1989 (TD/B/1271-TD/B/WP/70)
- Interdependence of the problems of trade, development finance and the international monetary system: Economic consequences of the present crisis: a preliminary assessment (TD/B/1272)
- Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries (A/CONF.147/Misc.9)
- Review of all aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices: Proposals on transparency and consultation procedures in the field of restrictive business practices (TD/RBP/CONF.3/3)
- Handbook on Restrictive Business Practices Legislation (TD/RBP/CONF.3/5)
- Report of the Special Committee on Preferences on its seventeenth session (TD/B/1263-TD/B/C.5/132)
- Uruguay Round: Further papers on selected issues (UNCTAD/ITP/42)
- Structural changes in the automobile and components industry during the 1980s with particular reference to developing countries (UNCTAD/ITP/46)
- Structural changes in the electronics industry during the 1980s with particular reference to developing countries (UNCTAD/ITP/47)
- Services in Asia and the Pacific: Selected papers, Vol. 1 (UNCTAD/ITP/51)
- Joint ventures as a channel for the transfer of technology (UNCTAD/ITP/TEC/9)
- Research and development institutes in developing countries and their contribution to technological innovation (UNCTAD/ITP/TEC/11)
- Transfer and development of technology in the least developed countries: an assessment of major policy issues (UNCTAD/ITP/TEC/12)
- The use of patents for the protection of technological innovation: A case study of selected Swedish firms, by Ove Granstrand (UNCTAD/ITP/TEC/13)
- The implementation of laws and regulations on transfer of technology: the experience of Brazil, by Arthur Camara Cardozo (UNCTAD/ITP/TEC/15)
- The relevance of recent developments in the area of technology to the negotiations on the draft international code of conduct on the transfer of technology (TD/CODE TOT/55)
- Review of the commodity situation and outlook: Commodity situation and outlook 1990 (TD/B/C.1/309)
- Review of the work programme of the Committee [on Commodities], implementation of decisions relating thereto and proposals for future work (TD/B/C.1/311)
- Diversification, processing, marketing and distribution, including transportation [of Commodities], with a view to identification of special needs and problems of the least developed countries (TD/B/C.1/312)
- Report of the Intergovernmental Group of Experts on Iron Ore on its fourth session (TD/B/C.1/313-TD/B/C.1/IRON ORE/5)
- Recent developments and short-term outlook in the tungsten market (TD/B/C.1/TUNGSTEN/84)
- A review of existing research and development programmes to promote new applications for tungsten and a survey of industry and government views on the need for additional programmes (TD/B/C.1/TUNGSTEN/86)
- The improvement of information flows to aid investment decisions: Information flows to aid investment decisions (TD/B/C.1/AC/11)
- Report of the Committee on Shipping on its fourteenth session (TD/B/1264-TD/B/C.4/336)
- Development and improvement of ports: The establishment of trans-shipment facilities in developing countries (TD/B/C.4/AC.7/10)
- Report of the Ad hoc Intergovernmental Group of Port Experts on the Development, Improvement and Operation of Ports (TD/B/C.4/337-TD/B/C.4/AC.7/12)
- Data base extracts on economic issues and related Israeli practices in the occupied Palestinian territory (West Bank and Gaza Strip), January-December 1989 (UNCTAD/RDP/SEU/4)
- The Least Developed Countries: A Statistical Profile (UNCLDC II/9)
- Atlas of the Least Developed Countries (UNCLDC II/10)

Discussion Paper Series

- Availability of intermediate and capital goods in import-restrained debtor countries, by Jesko Hentschel, No. 29, April 1990
- Republic of Korea's financial reform: What are the lessons?, by Alice H. Amsden and Yoon-Dae Euh, No. 30, April 1990

Sales Publications

- Review of Maritime Transport 1989 (Sales No. E.90.II.D.7, price US$17)
- UNCTAD Commodity Yearbook 1990 (Sales No. E.90.II.D.9, price US$65)

UNCTAD documents are available for reference at all United Nations Information Centres and at depository libraries for United Nations publications. The yearly subscription for all mimeographed UNCTAD documents is US$250 including postage. Requests for such subscriptions as well as orders for individual sales publications should be addressed to: United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland.

FORTHCOMING UNCTAD MEETINGS

- ***January***
  28-1 February
  Meeting of Heads of Secretariat of Economic and Integration Groupings (Geneva)

- ***March***
  11-22
  Trade and Development Board (Geneva, thirty-seventh session, second part)
  25-28
  Working Party on the Medium-term Plan and the Programme Budget (Geneva, twentieth session)

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